



**FOREIGN
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Daily Report

East Asia

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Japan

Foreign-Made Computer Procurement 'Rising'

OW2402110395 Tokyo KYODO in English 1011 GMT
24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Japanese Government's procurement of foreign-made computers has been rising in recent years, the government said Friday [24 February].

Public procurement of foreign-made computers, including peripheral devices and packaged software, amounted to 63.13 billion yen in fiscal 1993, accounting for 27.9 percent of total government purchases, up from 18.9 percent the preceding year, the government said.

The ratio stood at 8.8 percent in fiscal 1991.

Including computer-related services, purchases came to 67.18 billion yen, representing 23.3 percent of total government buying.

The foreign ratio compares with 7.4 percent in fiscal 1991 and 15.5 percent in fiscal 1992, the government said.

In 1992, Japan adopted three principles in government procurement of computers—nondiscriminatory treatment, transparency and fairness.

More on Government's Deregulation Report

OW2402132895 Tokyo KYODO in English 1140 GMT
24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The government will issue an interim report on deregulation March 10 before nailing down a five-year deregulation program by the end of next month, a spokesman said Friday [24 February].

"To secure transparency on the course of discussion (in drawing up a decontrol plan)... [ellipses as received] We decided to make one knot in early March, possibly on the 10th of the month," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

After the planned release of an interim report, he said, the government will try to deepen debate on the content of the Five-Year Plan and finalize it by the end of March.

Earlier Friday, the government headquarters for promotion of administrative reform urged Prime Minister Tomiichi Murayama to establish a panel of experts to review every year the five-year program.

At a meeting of the reform headquarters, including all 21 cabinet ministers, Deputy Chief Cabinet Secretary Hiroyuki Sonoda submitted a report to the premier that includes the advice.

The report embodies the principle that economic activities should basically be free of regulation while social regulation should be kept to a minimum.

It also proposes scrapping within five years regulations on the agricultural and distribution industries in such areas as market entry, equipment, imports and prices.

The document urges enactment of an information disclosure law requiring the government to allow the public access to administrative information.

It also says the Finance Ministry should drastically relax its regulations giving priority to the protection of depositors and the stability of the financial system.

"We intend to let in some fresh air around March 10 and then finish off the rest of the tasks at a stroke," Igarashi said.

Creation of Private Deregulation Panel Urged

OW2402070895 Tokyo KYODO in English 0645 GMT
24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The government should set up a panel of experts from outside political and bureaucratic circles to discuss measures to foster deregulation in Japan, an official deregulation committee said Friday.

The proposal was made at a meeting of the government headquarters on promotion of administrative reform, headed by Prime Minister Tomiichi Murayama, officials said.

Parliamentary Deputy Chief Cabinet Secretary Hiroyuki Sonoda, who heads the headquarters' deregulation committee, submitted a report to Murayama that included the advice, the officials said.

Based on the report, the headquarters, including all 21 cabinet ministers, will draw up a five-year program on promotion of deregulation by the end of March, they added. The proposed panel is aimed at reviewing the five-year program every year to further promote deregulation.

During the meeting, Murayama pledged to publicize the drafting process of the deregulation program and hear opinions from both inside and outside Japan.

The report provides for deregulation principles that say economic activities should be basically free of regulation while social regulation should be made minimum.

Japan should scrap regulations within five years on the agricultural and distribution industries in such areas as market entry, equipment, imports and prices, the report said.

The report also urges enactment of an information disclosure law requiring the government to allow the public access to administrative information.

The document also says the Finance Ministry should drastically ease its regulations giving priority to the protection of depositors and the stability of the financial

system. It also recommends Japan lift a ban on the establishment of holding companies.

Editorial Urges Murayama To Push Deregulation

OW2402141095 Tokyo YOMIURI SHIMBUN in Japanese 24 Feb 95 Morning Edition p 3

[Editorial: "Government Urged To Shape Effective Deregulation Plan"]

[FBIS Translated Text] The Deregulation Study Committee of the government has compiled a report on how to draw up a five-year plan for the relaxation of regulations.

The report has been compiled with the aim of reflecting opinions of the private sector on the five-year plan for the relaxation of regulations that the Administrative Reform Promotion Headquarters (headed by Prime Minister Murayama) is to set by the end of March this year.

The basic objective of the five-year plan for the relaxation of regulations is to defuse trade frictions with Japan's trading partners and stimulate the economy. The five-year plan also aims to revitalize Japan's economy to prepare Japan for the 21st century, improve the quality of the people's life, open up Japan to the rest of the world, and build Japan into an economic society free and full of vitality.

We cannot agree with the extreme argument that all bureaucratic regulations should be abolished, but we would like to ask the government to take a serious look at the report compiled by the Deregulation Study Committee and rapidly shape an effective five year-plan for the relaxation of regulations currently in force.

As a basic direction for drawing up the five-year plan, the report asks that: 1) economic regulations be abolished in principle and the regulation on the coordination of supply and demand in particular be abolished within five years; 2) quantitative targets be set for the relaxation of regulations; 3) the specific direction, including the timing of relaxing the sector-by-sector regulations, be set; 4) the five-year plan be reviewed every year; and 5) a standing body with the participation of the private sector be established with the mandate to study ways to deal with unrelaxed regulations and review the five-year plan.

While the Deregulation Study Committee has compiled the report taking into account requests from the private sector and other nations including the United States, government ministries and agencies are strongly resisting the relaxation of regulations because they hate to see Japan being under the thumb of other nations.

The five-year plan should specifically indicate which regulations will be relaxed and when those regulations will be relaxed. A system is indispensable for a regular

check on progress in the relaxation of regulations and a confirmation of additional regulations that have to be relaxed.

To avoid a situation in which the relaxation of regulations results in a list of items for deregulation, the five-year plan should explicitly pinpoint which regulations will be relaxed.

Regarding measures to relax the regulations, the report proposes relaxing 45 points of regulations.

A phased repeal of the Large-Scale Retail Store Law that regulates opening large-type department stores, the liberalization of opening cigarette and liquor outlets, and the introduction of self-service at gasoline stations have been regarded as effective deregulatory measures, but the resistance of government ministries and agencies concerned has kept them intact. The report put forth alternative measures for them.

The Deregulation Study Committee, which had only two months to study measures to relax the regulations, failed to shape a consensus because of a lack of ample time. A member of the committee has said the committee was under indirect "pressure" from government ministries and agencies concerned that tried to prevent the committee from using clear-cut expressions in the report.

It can be said that the report is a reflection of the attitudes of government ministries and agencies willing to make concessions in line with the report's introduction and a basic direction that could be interpreted in various ways, but refused to concede on specific measures to relax individual regulations.

At the Japan-U.S. economic framework talks, the U.S. side has strongly asked that the five-year plan include a meaningful package of deregulatory measures. While some government officials are increasingly voicing the need for Prime Minister Murayama to make a decision on a sweeping relaxation of the regulations, government ministries and agencies are tenaciously resisting a sweeping relaxation of the regulations. From now on, the ruling parties will coordinate their opinions.

Only one month is left for the government to set the five-year plan for the promotion of deregulation. The prime minister is being asked to make decisions and display leadership.

Hata Urges Tokyo, Washington To Discuss War

OW2402055395 Tokyo KYODO in English 0528 GMT 24 Feb 95

[FBIS Transcribed Text] Washington, Feb. 23 KYODO—Former Japanese Prime Minister Tsutomu Hata said Thursday that Japan and the United States should thoroughly discuss the causes of their conflict in World War II and their experiences during the war and form a conclusive evaluation.

In a lecture at Georgetown University, Hata said the two countries have not objectively faced with their wartime deeds such as Japan's surprise attack on Pearl Harbor in December 1941 and the U.S. atomic bombings of Hiroshima and Nagasaki in August 1945.

Japan and the U.S. should put their feelings of antagonism to rest through discussion and a summing up of what happened before and during the war with the participation of experts from concerned countries in the debate, the former premier said.

Japan's attitude to deny or justify its individual wartime deeds, while making an apology in general for what it did during the war, cannot be understood, Hata said. Hata, who served as premier between April and June last year, is now deputy head of Japan's largest opposition party Shinshinto (New Frontier Party).

Toshiba, Motorola Jointly Build Factory

*OW2402082295 Tokyo KYODO in English 0714 GMT
24 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—A joint venture between Toshiba Corp. and Motorola Inc. has completed the construction of a new state-of-the-art semiconductor factory, a key phase in their three-year, 60 billion yen project, the Japanese company said Friday [24 February].

The three-story ferroconcrete building with a class-10 clean room built by Tohoku Semiconductor Corp. in Sendai, northern Japan, is designed to manufacture 16-megabit dynamic random access memory (DRAM) chips, the company said.

Plans call for producing 400,000 chips per month, starting in October this year, with the volume rising to three million units when production hits full swing, it said.

Tohoku Semiconductor, established in 1987, started operations in May 1988. It now manufactures nine million DRAMs and microprocessor units (MPUs) monthly, including 1 and 4-megabit DRAMs, 8-, 16-, and 32-bit MPUs.

The company said another new facility for metal oxide semiconductor logic integrated circuits will be completed in September this year at a cost of 27 billion yen.

Article Outlines U.S. Vision for GII

*OW2402115195 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 24 Feb 95 Morning Edition p 3*

[By correspondent Yasuhiko Ota]

[FBIS Translated Text] Washington, 23 Feb—The United States' offensive to assume leadership of the information communications summit is conspicuous. The country advocates a grand goal of "building a global-scale information community," and, as a way of

achieving the goal, wants to have the G-7 countries agree to deregulating the communications industry and to promoting its competitiveness. The U.S. Government's "true intention" is to help the U.S. information communications industry, which it is confident is very competitive, expand its exports. Meanwhile, Japan and Europe do not want to take a backseat in a race to form the next-generation information networks, and are wary about the "unilateral rush" by the United States ahead.

"In no way does the United States want to create another World Trade Organization (WTO)." So said Larry Irving, U.S. assistant secretary for communications and information, half jokingly at a news conference shortly before departing for Brussels. He was responding to a question by a French reporter who pointed out the concern expressed by some that the information communications summit is coming to look more like an arena of multinational trade talks and that debate there may be dominated by the United States.

But if we see the process of the chairman's statement—to be issued at the end of the talks—being drafted, there are clear signs that the United States has engaged in fierce tug-of-war with Japan and Europe. The United States had strongly requested incorporating in the chairman's statement the five-item principles aimed at adopting Vice President Gore-proposed concept of the global information infrastructure (GII). Specifically, it wanted to "prepare ground" for expansion of the U.S. industry's export markets, by urging to promote competitiveness, to encourage private-sector investments, and also to privatize the communications corporations which are monopolizing the markets.

But in the face of strong objections from Europe, the last draft of the statement showed that the use of words like "liberalization" has been limited to a very minimum. The U.S. suggestion to indicate the target time for liberalizing the communications markets in the statement also met with objection from Japan, Europe, and Canada, and, consequently, had to be scrapped. Even the standardization of specifications—which could become a key to help export equipment and services—was interpreted as tantamount to adopting "de-facto standards" advantageous to the U.S. companies which are already competitive, and thus could not gain the understanding of other countries.

If the liberalization of the communications markets proceeds led by the United States and if the communications industry specifications come to be decided in ways the United States wants, no doubt, the U.S. corporations will become even more competitive. While the United States wants to have communications specifications standardized while promoting free competition, Japan and Europe want to give importance to government retaining roles in the area of standardization. In that respect, there is a clear line between Japan and Europe on the one hand and the United States on the other.

On the other hand, developing countries and newly emerging industrial countries are concerned about the framework for building the future communications infrastructure being decided by the information communications summit which is participated in only by industrialized nations. South Korea insists, "To begin with, the communications infrastructure is the public property commonly shared by all countries of the world," and shows the position of confronting the United States' GII concept by supporting instead the idea of the "Asian-Pacific Information Infrastructure" (APII) proposed to be participated in by the Asia-Pacific Economic Cooperation (APEC) forum member countries.

Takemura on Current Financial Issues

OW2402011795 Tokyo KYODO in English 0108 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Finance Minister Masayoshi Takemura said Friday it is undesirable for foreign exchange rates to fluctuate on speculative factors.

Asked about the yen's recent appreciation and tumbling Tokyo stock prices, Takemura said at a press conference, "we are closely watching their movements, bearing in mind that they should reflect each nation's economic fundamentals as much as possible." "Developments in both the foreign exchange and stock markets are important to Japan's economy," Takemura said.

Regarding study on measures to bail out failed financial institutions, Takemura said it would be better to draw a conclusion as soon as possible despite the difficulty in tackling various problems at one time.

On Thursday, Takemura said he will ask the financial system research committee, his advisory body, to deliberate ways to rescue bankrupt financial institutions, including revision of related legislation such as the deposit insurance law, reflecting on criticism about the bailout of two ailing credit unions—Tokyo Kyowa Credit Association and Anzen Credit Bank. "It is not a theme on which we can spend time," Takemura said. "The sooner, the better."

Taking the case of the two financially troubled credit unions as an important lesson, his ministry will prepare for the future, including reform of related laws, Takemura said. It will first set about making a study with reference to examples in the United States, he said.

As for questions about the use of public funds to rescue failed financial institutions, Takemura said the purpose is to maintain credit order. He said local governments have used such money to bail out bankrupt lenders in several previous cases. Using public funds in bailing out failed banks is not unconditionally a bad thing, Takemura said, while pointing to the need for discussion on how it should be.

Tokyo Makes Contacts With DPRK on Talks

OW2402105695 Tokyo TOKYO SHIMBUN in Japanese 23 Feb 95 Morning Edition p 5

[FBIS Translated Text] Commenting on the talks on normalizing ties with the DPRK (North Korea), which have been suspended since November 1993, a Foreign Ministry source on 22 February said: "Japan has informed the DPRK of its readiness to resume the talks unconditionally through various channels." Thus, he confirmed that Japan is making behind-the-scenes contacts with the DPRK.

Banks Wary About Expanding Business in China

952A0243A Tokyo NIKKEI KINYU SHIMBUN in Japanese 7 Dec 94 p 3

[Article by NIKKEI KINYU editorial board member, Yoshihiro Fukui]

[FBIS Translated Text] Japanese banks operating in China have begun showing confusion about expanding business there in step with the Chinese government's open monetary policies. Early in December, the Chinese authorities hammered out policy measures to open the yuan-handling business to foreign banking institutions and to approve their Beijing branches, beginning next year. This means that a good opportunity has finally arisen for pursuing full-scale monetary business in China; however, we also overhear a voice saying that "unprincipled business expansion to China will get you stuck in the mud in the end."

Induction of Foreign Capital Set as Pivotal Task

"We welcome further business expansion here by foreign banking institutions. We expect that the measure to open the yuan-handling business to foreign banks will also be realized as soon as possible." In Shanghai, all streets look like actual construction sites. Mao Yingliang, head of the Shanghai branch of the People's Bank of China which is the central bank of that country, makes the above remarks, welcoming foreign banks' business expansion in China wholeheartedly.

Shanghai aims to redevelop both riverbanks of Huangpu Jiang—the Pudong development zone and the Waitan district—into Shanghai's Wall Street. The pivotal task in this project is to induce foreign banking institutions to do business there, and Citibank of the United States and the Standard Chartered Bank of Britain have decided to move their bases for China operations to Shanghai. As to Japanese banks, eight banks have already set up branches in Shanghai, and some banks are studying measures to step up branch functions, prompted by the decision to permit foreign banks to do the yuan-handling business.

On the other hand, the Chinese measure to authorize foreign banks to set up Beijing branches is aimed at spreading its open monetary policies, which are now limited to coastal areas, to the inland areas, and coping

with increase in demand for funds. Banking institutions of the West that have resident representative offices in Beijing are focusing their attention on whether the first-stage authorization of branches will involve "three banks or five banks." This is because the choice will affect the situation differently, as one (a Japanese banking source stationed in Beijing) says: "If China opts for three banks, Japan, the United States, and Europe can set up one branch each. It is roughly agreed upon among Japanese banks that in view of their mutual business balance in China, the Bank of Tokyo will be the one to be picked. However, if China opts for five banks, two Japanese banks may possibly be involved."

Beijing Is Zealous About Building Banking Quarters

The Beijing authorities also throw considerable energies into this program. All the more because they learned from Shanghai's development that the step to attract foreign banks directly linked to regional development, they intend to remodel the Fuxingmen district, where the head office of the People's Bank is located, into Beijing's banking quarters, as if to say that "Shanghai is not the only banking center." A voice is also heard saying that "Beijing, where political and administrative functions are integrated, is more important than Shanghai if China's socialist system is going to be maintained in the future as well" (a person concerned with a European-owned banking institution).

While the Chinese side shows much enthusiasm, we overhear Japanese banks saying that prudence should be used in expanding business. Behind this development is a recent change in the conditions between Japan and China. First, there is the issue of refunding the increased-value tax which China adopted early this year. What is called the increased-value tax is, in short, the value-added tax. At the outset, China admitted the refund of the tax portion imposed on purchases, but it withdrew the refund later, touching off a dispute with enterprises doing business there over the handling of the tax.

The rate of the increased-value tax has risen to 17 percent, and some enterprises engaged in the manufacturing business are said to be reconsidering their business expansion to China in view of such a rise in cost. In fact, according to a city bank-affiliated think tank, it was flooded with inquiries about business expansion to China from leading domestic medium and small enterprises until around March this year, but the number of inquiries suddenly fell recently. In addition to the tax issue, not a few enterprises are turning their eyes from China to Southeast Asia for their business expansion because of fragility in China's infrastructure (social production footing).

The Chinese government would like to meet the demand for funds by state-owned enterprises and township enterprises through the expansion of the foreign capital induction. Chen Tielin, secretary general of the National Development Bank inaugurated this year as a government-affiliated banking institution, has clearly stated

that "for the future procurement of funds, we are strongly interested in the issuance of yen-denominated foreign bonds."

Bad Debts, Too, Are Problem

However, many state-owned enterprises are now incapable of paying back loans. It has recently been revealed that the amount of hard-to-recover debts carried by a leasing firm, a joint venture with Japanese banks, reaches \$600 million (about 60 billion yen). Amid a growing hesitation to expand business to China by Japanese enterprises, China's markets for its domestic enterprises, too, are fraught with risks. Under these circumstances, it is natural to question the merit of expanding business to the country.

At present, Japanese banks have 19 branches in China such as eight branches in Shanghai, four in Dalian, four in Shenzhen, two in Guangzhou, and one in Qingdao. It has been pointed out that "it is only the Shenzhen branch of Fuji Bank that is in the black in terms of the branch business." It is said that branches and offices in these respective areas are jostling with groups of branch managers visiting China from Japan.

However, a man working in the forefront of the banking business in the mainland of China sounds an alarm, saying that "we are now stepping into a time when we need to pass fair and cool judgment on the Chinese boom which has spread to cover sluggish business at home."

Ship Carrying Nuclear Waste Leaves Cherbourg

*OW2302115795 Tokyo KYODO in English 1047 GMT
23 Feb 95*

[FBIS Transcribed Text] Cherbourg, France, Feb. 23 KYODO—A ship left the French port of Cherbourg for Japan on Thursday [23 February] carrying high-level radioactive waste amid protests from environmentalists over the safety of the shipment.

The 5,087-ton Pacific pintail, a freighter owned by British Nuclear Fuels Ltd., is scheduled to arrive at the port of Mutsuogawa in Aomori Prefecture, northern Japan, around April.

But the route of the ship has not been disclosed despite requests to do so by Caribbean, South Pacific and East Asian nations along the ship's possible path.

The cargo in question is some 112 tons of nuclear waste solidified in glass-like chunks in 28 tightly sealed stainless steel canisters.

The nuclear waste was reprocessed by the French National Nuclear Power Company Cogema on behalf of four Japanese electric power companies.

The toxic residue was left after plutonium and uranium were extracted from spent fuel at a reprocessing plant in The Hague, northern France.

When the waste reaches Japan, it will be temporarily kept deep underground in a storage facility in a nuclear complex owned by Japan Nuclear Fuel Ltd., a company owned mainly by Japan's 10 major power companies, in the village of Rokkasho near the port of Mutsuogawa.

The latest shipment is the first under an agreement in which Cogema is to ship such nuclear waste once a year over the next decade.

Japan's 10 major electric power companies have shipped more than 5,000 tons of spent nuclear fuel to reprocessing facilities in Britain and France since 1978 because there is no reprocessing plant in Japan.

Nuclear waste from such spent fuel is required to be shipped back to Japan.

The environmental group Greenpeace has demanded the shipment be canceled, saying it poses a major safety and security risk.

At Cherbourg, French Navy Police stopped Greenpeace protesters early Thursday from trying to block the British vessel and took them to Navy headquarters for questioning.

Greenpeace has said it plans to trail the ship as it did in 1992 when a shipment of plutonium extracted at the French plant sparked a controversy over safety.

Government Seeks India's Help To Join UNSC

OW2202141495 Tokyo YOMIURI SHIMBUN in Japanese 20 Feb 95 Evening Edition p 1

[FBIS Translated Text] Regarding Japan's bid to become a permanent member of the UN Security Council [UNSC], the government has firmed up its policy to strengthen cooperative ties with influential counties and developing countries in each region. As the first step of its resolve, the government will hold a meeting with the Indian Government on 22 February.

During meetings of the UN working committee on the reorganization of the world body, developing countries expressed their opposition to the admission of only Japan and Germany. Saying that it is necessary to win support from developing countries, which account for an overwhelming majority in the United Nations, to become a permanent member of the Security Council, the government wants to solidify its stand for the bid by keeping step with a movement by regional powers and developing countries who also want to become permanent members of the UNSC.

This policy was announced by Hisashi Owada, ambassador to the United Nations, at a working-level UNSC meeting on 8 February. Owada said that on the basis of an agreement among regional groups in Asia, Africa, and Latin America, Japan is ready to give consideration to the opinion that countries which can shoulder "global responsibilities" should also be allowed to become permanent UNSC members. In this way, he disclosed for

the first time Japan's support for regional power administration in the Security Council.

Since support from at least two-thirds of the 185 members of the United Nations is needed for a country to become a permanent member of the council, it is indispensable for the Japanese Government to win support from developing countries, which account for the majority of the members of the United Nations.

Because of this, the government firmed up its policy of actually strengthening ties with the developing countries. Motoyoshi Yoshikawa, director of the United Nations Policy Division of the Foreign Ministry, will attend the Japan-India meeting on 22 February.

India, Nigeria, Brazil, Egypt, and other regional powers have already expressed their desire to become permanent members of the Security Council. The Japanese Government plans to engage in some behind-the-scene maneuverings [nemawashi] with these countries and other developing nations.

Reportage on Visiting Irish President Robinson

Welcomed by Murayama

OW2202023995 Tokyo KYODO in English 0120 GMT 22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—Visiting Irish President Mary Robinson was welcomed in a ceremony Wednesday [22 February] at the Akasaka guesthouse with Emperor Akihito, Empress Michiko and Prime Minister Tomiichi Murayama attending.

Robinson flew into Kansai international airport in Osaka on Monday for a nine-day visit to Japan.

Crown Prince Naruhito and his wife Crown Princess Masako were also present at the welcoming event.

Following the ceremony, the emperor and the empress had a meeting with Robinson at the Imperial Palace.

Robinson is scheduled to stay in Tokyo until Friday. She will have separate meetings with Prime Minister Murayama, the heads of the two houses of the Diet and Japanese business leaders.

She will also visit Hiroshima, Shimane and Osaka Prefectures in western Japan before leaving on Feb. 28.

Honored at State Banquet

OW2202141295 Tokyo KYODO in English 1257 GMT 22 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—Emperor Akihito welcomed Irish President Mary Robinson at a state banquet Wednesday [22 February] evening, expressing his "feelings of profound admiration for (her) unsparing efforts to promote reconciliation and world peace."

Robinson, in turn, told the banquet's 120 guests that the people of Ireland "admired the courage, the resilience, the discipline and spirit of community" the Japanese showed following the Jan. 17 great Hanshin earthquake.

On Wednesday, Robinson met the emperor, Empress Michiko and Prime Minister Tomiichi Murayama, explaining the situation in Northern Ireland and expressing her gratitude for the support of Japan and the international community for Ireland.

At the banquet, the emperor said, "I am deeply touched by the warm feelings of concern expressed by the people of Ireland and the world at large, which have given much encouragement to the victims of the earthquake and the people of Japan."

In her banquet address, Robinson began by expressing Ireland's "profound sadness and deep regret" over the earthquake, expressing her "sincere condolences" to the bereaved families of the more than 5,400 killed by the temblor.

Robinson also hailed Japan's "exemplary and ever-enlarging role in international relations, in particular in humanitarian relief."

"We greatly appreciate the continued interest and support of the government and people of Japan in international efforts to promote peace and reconciliation on the island of Ireland," Robinson said.

Robinson is Ireland's first female president and is being accompanied on her visit to Japan by her husband, Nicholas.

Her nine-day visit began Monday in Osaka and she is scheduled to stay in Tokyo until Friday.

The president will have separate meetings with Murayama, the heads of the two houses of the Japanese Diet and Japanese business leaders.

She will also visit Hiroshima, Shimane and Osaka Prefectures in western Japan before leaving Feb. 28.

Received by Murayama

*OW2302132795 Tokyo KYODO in English 1254 GMT
23 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—Prime Minister Tomiichi Murayama, in a meeting Thursday [23 February] with visiting Irish President Mary Robinson, welcomed the new framework for peace in Northern Ireland, Foreign Ministry officials said.

Murayama praised the British and Irish Governments' efforts during a 20-minute meeting with Robinson at the Akasaka State Guest House, the officials said.

The meeting came a day after British Prime Minister John Major and his Irish counterpart John Bruton announced in Belfast a framework document in an attempt to secure a lasting peace in Northern Ireland.

The framework document proposes a new assembly for Ulster with executive and legislative powers, and a new body to handle relations between predominantly Protestant Northern Ireland and the Catholic Irish Republic.

It also requires Dublin to dilute its constitutional claims to Ulster and stipulates that Northern Ireland's status in the United Kingdom can be changed only by a majority vote in a referendum in the province.

Earlier in the day, Robinson, who as head of state is not directly involved in the peace process negotiations with Britain, welcomed the new framework for peace on Japanese television.

"I must say that it is a wonderful window of opportunity for Ireland," she said.

Murayama and Robinson agreed during their talks to promote friendly relations between Japan and Ireland, the officials said, and Robinson invited Emperor Akihito and Murayama to visit Ireland.

Robinson, on a nine-day trip to Japan, will stay in Tokyo until Friday and visit Hiroshima and Shimane Prefectures and Osaka in western Japan before leaving Japan on Feb. 28.

Holds News Conference

*OW2402113295 Tokyo KYODO in English 1000 GMT
24 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Visiting Irish President Mary Robinson said Friday [24 February] it is not easy to settle conflicts over Northern Ireland in a satisfactory way for all parties but that she is "hopeful" of the prospects of peace in her country.

"This is a time of singular hope and opportunity for the people of the island of Ireland with the achievement of peace," Robinson told a press conference at the Japan National Press Club.

Robinson, in Japan since Monday on a nine-day visit, said the peace proposals jointly announced by British and Irish Prime Ministers John Major and John Bruton in Belfast Wednesday provides a "framework for reaching a political settlement" and that it would hasten the peace process.

While noting that she does not want to be drawn too closely into a political discussion on Northern Ireland because, as head of state, she is not politically involved in the matter, she said it is "not surprising" that the latest Anglo-Irish agreement drew criticism and a sharp reaction from some parties.

"What is important to know is that there be an ability to listen to the fears, to take seriously the sense of apprehension of the unionists who fear they'll lose their British identity, and to try to discuss the way which we can

devise a political framework where nobody wins but where there is enough for each side to participate," she said.

"It will not be easy," she said. "The important thing is that it is now a question of political discussion and not political violence."

The British and Irish Governments are "equally, firmly determined to welcome peace and bring about a prosperous economic and social future to the whole island," she said.

"So I am very hopeful at the prospects for the island and the way forward for the whole of Ireland and both parts of the island."

Wednesday's agreement called "a new framework for agreement" proposes that Britain and Ireland drop constitutional claims to Northern Ireland and that Northern Ireland's British status cannot be changed until a majority of people want it.

The document, aimed at forging new relations between Protestant-dominated Northern Ireland and the Roman Catholic Irish Republic, ran into hostility from Protestant unionists who fear the document will end British sovereignty in the province.

Robinson headed for Hiroshima after the press conference. She is also scheduled to visit Shimane Prefecture and Osaka in western Japan before leaving Japan on Feb. 28.

Cabinet Approves Administrative Reform Plan

OW2402022895 Tokyo KYODO in English 0213 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Prime Minister Tomiichi Murayama's cabinet on Friday approved a plan to increase transparency in the financial management of publicly funded companies as part of the premier's administrative reform agenda, officials said.

The program also calls for the curtailment of 18 special public corporations and the privatization in three years of the salt monopoly held by Japan Tobacco Inc., the officials said.

It also aims to curb the number of retired bureaucrats who are appointed to key posts in government-financed firms, they said.

The plan cites the need to curb the growth in the number of people working for special public corporations and set up a body within the cabinet to deal with possible employment problems expected to arise from the rationalization of government firms.

On the handling of publicly funded finance companies, the program only calls for a review of their business activities, a far cry from the ruling coalition parties' demand for combining some of them.

Supplemental Budget To Aid Quake Areas Backed

OW2402032495 Tokyo KYODO in English 0308 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Prime Minister Tomiichi Murayama's cabinet endorsed Friday a second fiscal 1994 supplementary budget plan worth 1,022.3 billion yen to help reconstruct areas of western Japan devastated by the Jan. 17 earthquake.

The government immediately submitted to the Diet the extra budget plan, which is expected to be passed Tuesday, officials said. The extra budget earmarks 141.02 billion yen for relief measures such as construction of temporary housing and condolence money for quake sufferers and 34.28 billion yen for the disposal of debris in Kobe and its vicinity.

It also includes 659.36 billion yen to cover reconstruction related to public works and 54.41 billion yen in subsidies to help restore facilities such as railways. Some 91.27 billion yen is allocated to secure low-interest loans by government-funded financial institutions such as Japan Development Bank for restoration of factories, railways and utilities like electricity and gas.

It also adds 30 billion yen for special grants to the Hyogo prefectural government and some municipal authorities affected by the quake. The tax revenue estimate was revised downward by 602 billion yen due to an expected drop in corporate taxes from quake-hit companies, approved postponement of tax payments, and income tax cuts or exemptions for quake sufferers retroactive to 1994.

To finance the measures and cover the revenue shortage, public bonds worth 1.59 trillion yen will be issued—779.4 billion yen in construction bonds and 810.6 billion yen in deficit-covering bonds. It will be the first time for deficit-covering bonds to be issued without specifying redemption funds beforehand. The government vows efforts to reduce national debts promptly in a special legislation bill required to issue such bonds.

The extra budget brought the total of the general account budget for fiscal 1994 ending March 31 to 73,430,517 million yen. As a result of the second supplementary budget, the fiscal 1994 investment and loan program expands by 375 billion yen—25 billion yen for Japan Development Bank and 350 billion yen for local public bodies.

The program, known as "zaito," or second national budget, uses funds derived primarily from state-run postal savings and pension funds to invest in and extend loans mainly for housing, public works and other projects by public corporations.

Australians: Illness May Force Murayama Out

BK2402020995 Melbourne Radio Australia in English 0500 GMT 24 Feb 95

[FBIS Transcribed Text] Australian officials say health problems could force Japan's prime minister, Tomiichi

Murayama, out of office. John Shovelan reports Australia's prime minister, Paul Keating, is scheduled to visit in May, but his Japanese counterpart may have left office by then.

[Begin Shovelan recording] A close friend of Mr. Murayama in his Social Democratic Party described the prime minister's physical condition as very weak. They say the longest he will stay in the job is just after the mid-year Upper House election. His resignation could come any day.

The 70-year old first socialist prime minister in almost 50 years came to power last June. Mr. Keating is due to visit Japan at the end of May. Officials are in a quandary, unsure if he would be meeting with Prime Minister Murayama or another Japanese leader. [end recording]

Ishihara Leaves Top Bureaucratic Post

OW2402040695 Tokyo KYODO in English 0345 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Deputy Chief Cabinet Secretary Nobuo Ishihara resigned Friday after seven years and four months of service in the top bureaucratic post, passing the baton to Former Vice Minister of Health and Welfare Teijiro Furukawa.

"There is a touch of sentimentality, but I also feel cheerful about it," Ishihara told reporters just before leaving the prime minister's official residence. Ishihara, 68, offered to resign Dec. 9, but Prime Minister Tomichi Murayama persuaded him to stay on to help handle pending issues such as administrative reform.

The premier accepted Ishihara's resignation Friday, with his cabinet immediately approving the change in the post of deputy chief cabinet secretary in charge of administrative affairs. Ishihara has worked for seven consecutive governments starting with that of Former Prime Minister Noboru Takeshita of the Liberal Democratic Party (LDP) in November 1987.

At Friday's cabinet meeting, Murayama thanked Ishihara for his long years of service, Chief Cabinet Secretary Kozo Igarashi said at a news conference.

Commenting on Ishihara's resignation, Igarashi said, "as for us, just like in our previous cabinets, he is truly a 100 percent reliable man. I for one always felt very secure when he was with me."

Speaking at a separate news conference, Ishihara said, "looking back the past seven years and four months...I feel it was a very long period on the one hand but also passed like an arrow on the other."

He cited as examples of his most unforgettable experiences during his tenure, the death of Emperor Hirohito or Showa in January 1989 and the Jan. 17 earthquake that hammered the port city of Kobe and its environs and killed more than 5,400 people.

Asked why he decided to quit the deputy chief cabinet secretary post, Ishihara responded that too long a service is undesirable, adding he wanted to pass the baton to someone else as early as possible. Ishihara is tapped as a potential candidate in the Tokyo gubernatorial election in April.

The LDP in the Tokyo Metropolitan Assembly has decided to support him in the poll even if some partners of the six-party ruling coalition in the assembly do not close ranks.

"I feel very honored to have gained support for running for the governorship, but I want to weigh the matter a little longer by listening to the opinions of many people," Ishihara said. "That's how I feel right now."

Furukawa, the new deputy chief cabinet secretary, told reporters he hopes to do his best in helping tackle the mountain of tasks facing the nation. "As deputy chief cabinet secretary in charge of administrative affairs, I will work like a stage assistant so the prime minister and the chief cabinet secretary can exert their leadership," he said.

*** Kubo Strongly Promoting New Party**

952B0097A Tokyo SEIKAI SHUNJU in Japanese Jan/Feb 95 pp 38-43

[Article by Tomoo Yamaguchi, political commentator]

[FBIS Translated Text] **New Democratic League's Entanglement with Powerful Local Industrial Unions**

The New Frontier Party [Shinshintō, NFP] has been formed. This signifies the birth of an opposition party that is the second most powerful next to the Liberal Democratic Party [LDP]. Although this is a first outcome of historic restructuring of the political world in the form of a merger of nine political parties and groups, the public is not excited. The new party generated such interesting topics as seeking its official name from the public and deciding on executive officers, such as the party president and secretary general, but it has not shown any motivational drive to take over the political power.

The party's philosophy and basic policies are a blend of opinions from each of the merged parties, lacking a fresh image of a new party. The former Komeito set the trend throughout during the voting for the party's name and deciding on executive officers. The party's name, "New Frontier Party," was adopted because the former Komeito voted unanimously for it. The reason why Toshiki Kaifu became the party president and Ichiro Ozawa the secretary general is also the former Komeito's support.

The most influential group in the NFP consists of 76 members from the former Shinseitō [Japan Renewal Party], but there exists a conflict between pro- and anti-Ozawa groups. On the other hand, 64 members

from the former Komeito have been acting almost as a single unit. Other former political parties—the Japan New Party [JNP], the Japan Democratic Socialist Party [DSP], and the Liberal Reform Alliance, a group of individuals who left the LDP—were not quite ready to unite. Members of the former Komeito didn't even raise their hands during the process of deciding on the executive-level personnel, but although they didn't come forward, they assumed a leadership role. It is interesting to see how the NFP's disorderly internal affairs will be revealed in the future, but fortunately enough, the Murayama administration will not be threatened by the NFP.

Rather, what has become problematic for the Murayama administration is a movement developing within the SDPJ. It is a move taken by the "New Democratic League" [Shinminren] (chaired by Sadao Yamahana) to form a democratic liberal new party.

The New Democratic League is a policymaking group consisting of the SDPJ's right-wing and middle-of-the-road Dietmen. Since its inception, it has been connected to some influential local industrial unions belonging to Rengo [Japanese Private Sector Trade Union Confederation], such as the Federation of Telecommunication, Electronic Information, and Allied Workers' Union; All Japan Federation of Electric Machine Workers' Unions; Japan Postal Workers' Union; Japanese Federation of Iron and Steel Workers' Unions; Japanese Federation of Textile, Garment, Chemical, Mercantile, and Allied Industry Workers' Unions; Confederation of Japan Automobile Workers' Unions; and Federation of Electric Workers' Unions of Japan.

These influential local industrial unions wanted to dissolve the "severed condition" of the Rengo, which was caused by the birth of the Murayama administration, a coalition of the LDP and SDPJ, that made the SDPJ a leading party and the DSP an opposition party.

They therefore requested [the SDPJ's right-wing, middle-of-the-road] Dietmen to take some concrete actions, such as leaving the SDPJ before the DSP became an official member of the new-new party.

In response to such requests, the New Democratic League made 20 of its members, including Yamahana and Makoto Tanabe, leave their party right after the end of an extraordinary session of the Diet, and decided on a plan to announce the democratic liberal new party's philosophy and basic policies before the NFP was to be formed.

Yet, this plan had to be postponed due to opposition and resistance by the SDPJ's "Forum To Support the Murayama Administration and To Promote Politics Based on Social Democratic Liberalism" (chaired by Keisuke Nakanishi). Also, as the DSP was certain to join the NFP, the New Democratic League had to reconsider its plan.

LDP Exerted Pressure on Top Executives of Local Industrial Unions

As a result, local industrial unions sympathetic to the DSP—the Japanese Federation of Textile, Garment, Chemical, Mercantile, and Allied Industry Workers' Unions; Japanese Federation of Iron and Steel Workers' Unions; Confederation of Japan Automobile Workers' Unions; and Federation of Electric Workers' Unions of Japan—separated themselves from the New Democratic League. Some SDPJ-inclined labor unions belonging to the All Japan Federation of Electric Machine Workers' Unions and the Federation of Telecommunication, Electronic Information, & Allied Workers' Unions also stepped back. On the other hand, the Japan Telecommunication Workers' Union and the Japan Postal Workers' Union aggressively promoted the formation of the democratic liberal new party.

The New Democratic League opened its office in a building near the Diet Building, and reportedly it received financial support from Japan Telecommunication Workers' Union. Although it was supposed to collect membership dues in the amount of 10,000 yen [Y] or more per individual member Dietman, it was running a deficit because many members didn't pay their dues. On the other hand, Japan Telecommunication Workers' Union reportedly has a fund in the amount of about Y80 billion, enough to be able to provide financial support to the extent it did.

The LDP was the one that worried about the SDPJ's chaotic internal condition.

In general, people within the LDP "hope to prepare a budget three times under the Murayama administration, and to get a budget passed at least twice" (per Mr. Hiroshi Mitsuzuka).

According to this scenario, the LDP wants to prepare a budget for fiscal years 1995, 1996, and 1997, and will try to have the budgets approved for fiscal years 1995 and 1996. If so, the Murayama administration must be kept alive at least until January 1997—no dissolution up until that time.

Of course, the government will not necessarily be able to survive according to the LDP's wish. But, if the Murayama administration collapses now, the LDP's return to the leading party's status proves to be meaningless. Therefore, the LDP exerted heavy pressure on the Japan Telecommunication Workers' Union and Japan Postal Workers' Union, both of which are supporters of the New Democratic League.

Executives from the LDP—such as Vice President Keizo Obuchi, Secretary General Yoshio Mori, and Chairman Koichi Kato of the Policy Affairs Research Council—aggressively pursued top executives of the Rengo's influential local industrial unions.

Mr. Obuchi in particular had a meeting with three top executives of Japan Telecommunication Workers'

Union, including Chairman Koji Kajiwara, and asked for their prudent actions. As he assumes a leadership role among the LDP's zoku Diet men connected to the Ministry of Posts and Telecommunications [MPT], the union couldn't ignore his requests.

The issue of splitting up NTT is scheduled to be resolved during the next fiscal year (1995). Both NTT's management and Japan Telecommunication Workers' Union are "against the split-up." The issue is a sore spot for the union. If the union is threatened by being told that "we might support the split-up of NTT," it will weaken its position.

Such pressure aside, the LDP gathered a group of Dietmen connected to the MPT and created a "forum to study the ideal way for the telecommunications market," showing its determination to examine the issue of splitting up NTT. Also, it requested NTT to postpone its application for raising telephone charges, which was scheduled to take effect on 24 November. The increase of telephone charges is closely related to Japan Telecommunication Workers' Union's request for raising the basic wage rate. The union, therefore, encountered an onslaught of "starvation tactics." It didn't take much time for the union to tone down its action plan.

Reportedly also, the LDP's zoku Diet men connected to the MPT hinted to Japan Postal Workers' Union the possibility of privatizing postal savings and splitting up the postal service enterprise.

Consequently, the New Democratic League made a major slowdown in its plan to form a democratic liberal new party. By and by, the LDP, because of its shrewdness, has been judged to be the winner.

Rengo's Hyogo Chapter on the Move

However, SDPJ's General Secretary Wataru Kubo seems intent on forming the democratic liberal new party as soon as possible.

He forcefully states: "The tempo of restructuring the political world is moving faster than expected. If we remain indecisive, the SDPJ will die out, being smashed between the two conservative parties, the LDP and the NFP. Some people say that (the new party) can be formed after the unified local election or the election for the House of Councilors, but that will be too late. I would like to try convening a meeting to dissolve our party before the end of January."

To be sure, the number of the SDPJ's official candidates for the unified local elections for local assemblies has not reached the 560 or so that were registered in the previous election. In fact, many people want to separate themselves from the SDPJ: "There are many individuals who want to run for election this time as independents, rather than as SDPJ-approved candidates" (per Mankichi Kato, chairman of the Election Committee).

Therefore, it seems natural that Mr. Kubo as secretary general wants to form a new party as soon as possible, sometime before the unified local election at the latest.

Under such a circumstance, five individuals elected from Hyogo Prefecture began planning to leave their party before the end of the year. They are Shigeru Goto, Ryuichi Doi, Takanobu Nagai, Kenji Yoshioka (all of whom are members of the House of Representatives), and Shoji Motooka (a member of the House of Councilors).

In Hyogo Prefecture, selection of candidates within the former coalition began earlier. Also, the SDPJ in Hyogo Prefecture has the strongest conflict between its left and right wings—it is quite unique that each wing has its own independent party headquarters. Messrs. Motooka, Doi, and Yoshioka even considered joining the NFP.

And, "Rengo Kinki Chapter" that encompasses six prefectures—Kyoto, Osaka, Hyogo, Shiga, Nara, and Wakayama—established a new political organization called the "Liberal Kinki," preparing for future election campaigns, including the next unified local election; it is providing support to candidates and planning to have them form a unified faction after they are elected.

The five individuals from the SDPJ are calculating that even if they leave their party, they will be able to win an election with support from the Liberal Kinki.

Mr. Kubo Holds the Key to the New Party

However, having been persuaded by Mr. Yamahana, chairman of the New Democratic League, they decided not to leave their party for the time being. Mr. Shoji Motooka, a leader of the group in Hyogo Prefecture, was born in 1931, and is 63 years old. He graduated from the Teachers' Preparatory School in Hyogo, and became a teacher. He distinguished himself in teaching activities, and served as chairman of the Teachers' Union and chairman of the Board of Trustees in Hyogo Prefecture—he is a prominent leader in the prefecture's labor world. He has been elected three times in a row since he was elected as a member of the House of Councilors in 1981. As Labor Minister Banzo Hamamoto, a cabinet member from the SDPJ, has also been elected three times, Mr. Motooka can be considered as a promising candidate for the cabinet. So, someone made an apt remark: "The reason why Mr. Motooka decided not to leave his party is that he was promised to be appointed as a cabinet member after the next reshuffling of the cabinet."

In any event, the person who holds the key to the SDPJ's democratic liberal new party is none other than Secretary General Kubo.

Like Mr. Motooka, Mr. Kubo, although he is from Kagoshima, not from Hyogo, also became a member of the House of Councilors after having served as a teacher and conducted activities of a teachers' union.

He has been elected three times as well, but he was elected for the first time in 1977, three years earlier than Mr. Motooka. He is also three years older than Mr. Motooka.

Both of them have positioned themselves as right wingers within the SDPJ throughout. But Mr. Kubo was a member of the "New Trend Association" [Atarashii Nagare-no-kai], which he formed in the Showa fifties [between 1975 and 1985] with Takako Doi, Takahiro Yokomichi, and others. Later, the Seiken Koso Kenkyukai [Political Concept Research Forum] was created by right-wing Diet men; its members included Prime Minister Murayama, MPT Minister Suguru Oide, Director General Tsuruo Yamaguchi of the General Affairs Agency, and Mr. Kubo.

Mr. Kubo says, "I basically share the same thoughts with Mr. Murayama. We have been working together for many years."

The relationship between Prime Minister Murayama and Mr. Kubo became hostile when Prime Minister Murayama was backed by the left wing and Mr. Kubo by the right wing during the election of chairman, following Yamahana's resignation. Mr. Kubo gave up running for the election and remained as general secretary. The group that supported Murayama distanced itself from the then Hosokawa coalition government, but some of the executive members of the group that backed Kubo entered the Hosokawa cabinet.

Major Misunderstandings About Promotion of the New Party

All these past events have evolved into different levels of support for the Murayama administration. Because of this, there was a time when the New Democratic League's promotion for the new party was criticized as a movement to cooperate with the NFP.

However, such criticism was based largely on misunderstandings. The relationship between Mr. Kubo and Mr. Ichiro Ozawa is quite distant in terms of trust.

Whenever Mr. Kubo is asked to comment on his view on Ichiro Ozawa, he says, "I think Mr. Ozawa is a strategist. But, a strategist never errs on his strategies. Mr. Ozawa is still very young, and he might eventually take a leadership role in Japanese politics."

When we analyze this view on Ozawa, it seems to point out that Mr. Ozawa is not a strategist because he errs on his strategies, and that he is still too young as a politician. In other words, Mr. Kubo doesn't seem to regard highly of Mr. Ozawa.

To be sure, Mr. Ozawa has made many errors in his strategies.

He failed to replace (the then) Chief Cabinet Secretary Masayoshi Takemura through reshuffling of the Hosokawa cabinet. Likewise, he had to withdraw his proposal for public welfare tax overnight. During the

time of the Hata Cabinet, he suddenly formed a united group called "Kaishin," and removed the SDPJ from the Hata administration. Following the resignation en masse of the Hata cabinet, he planned a conservative-conservative merger, nominating Mr. Toshiki Kaifu as a candidate for the prime minister, but he failed. He continued to err on his strategies at every juncture. All these errors were made in a mere six-month period. Everything went against him because of his "high-handed" approach.

Drawing an example from the issue of "Kaishin," Mr. Kubo talks of Mr. Ozawa as follows:

"During the time of the former coalition government, the SDPJ was the dominant party, and because of this, the SDPJ's opinions could not be ignored. Mr. Ozawa wanted to weaken the SDPJ's influence. Therefore, he tried to restrain the SDPJ from expressing its opinions by forming Kaishin right after Mr. Hata became the prime minister. As he had experience being the center of the leading political party under the Tanaka faction and the Takeshita faction, he believes that nothing is mightier than political power. He was probably too optimistic in thinking that as the SDPJ had a taste of being a leading political party, it would not be able to part with political power. Unlike Mr. Ozawa, however, the SDPJ had experienced being an opposition party for a long time, and it had no qualms about parting with political power."

Here, again, Mr. Ozawa's almost self-complacent error in his political method is pointed out.

A view expressed by a person close to Kubo is much more severe as follows:

"During the time of the Hosokawa administration, Mr. Kubo was the chairman of the conference of representatives from the leading coalition parties. At a meeting, he sat sandwiched between Mr. Ozawa and Komeito Secretary General Ichikawa. The conference of representatives was held regularly once a week, but sometimes it was held almost every day. During such conferences, the attitude of the Ichi-Ichi combination [Ichiro Ozawa and Yuichi Ichikawa] seemed quite arrogant. Although Mr. Kubo never mentions this, he must be distrustful of the humanistic quality of the Ichi-Ichi combination."

Mr. Kubo has the a daring spirit of Hayato Satsuma. In his youth, he was thoroughly trained at a military preparatory school and the Military Academy. He received excellent grades at the Military Academy, and was told that he would certainly be able to become a general of the army. He doesn't show it, but he has a strong pride. After the end of the war, he changed the course of his career from pursuing to become a general of the army to working on the issues of peace and human rights through his teaching activities. Without doubt, he still retains his humanistic quality cultivated during his youth.

Second-Generation Diet Men Threaten the Prime Minister's Position

In this respect, Mr. Sadao Yamahana, [Mr. Kubo's] colleague in forming the democratic liberal new party, has a different situation in terms of his relationship with Mr. Ozawa.

"Mr. Yamahana doesn't seem to have any awkward feeling toward Mr. Ozawa. He entered the Hosokawa cabinet, and he didn't have many face-to-face arguments with Mr. Ozawa. He was not the party chairman when the SDPJ parted with the Hata administration. He was rather cautious about this move" (per a secretary at the SDPJ's headquarters).

Mr. Yamahana is seven years older than Mr. Ozawa, but they are both in their fifties. Also, they are both second-generation Diet men. Mr. Ozawa wanted to become a lawyer, but upon his father's death, he gave up on becoming a lawyer and entered the political world, instead. Mr. Yamahana passed a state law examination after graduating from Chuo University's Law Department, and became a lawyer. Although their fathers were Diet men from the LDP and the SDPJ, respectively, they both seem to have been leading their lives without much difficulty. They have so much common with each other.

Mr. Yamahana's father, Mr. Hideo Yamahana, was born in Kobe City, but he was an out-and-out fighter in peasant and labor movements after the war. Up until his retirement in 1969, following his defeat in an election for the House of Representatives, he had been elected nine times. He was a left-wing in the SDPJ, and was a close associate of Mr. Kozo Sasaki (the former party chairman). Having served as chairman of the Party Diet Committee, director of the Organization Affairs Bureau, and chairman of the Election Committee, he used to have supporters beyond his party and faction lines in his district (the then seventh district in Tokyo).

Mr. Sadao Yamahana was elected for the first time in an election held in 1977. As the SDPJ didn't approve of a second-generation Diet man in principle at that time, he was a rare case. However, Mr. Kanki Sato, vice chairman of the New Democratic League, is also a second-generation Dietman, and as he was already elected once by then, the door was already open somewhat for second-generation Diet men.

Mr. Sato's father, Mr. Kanjiro Sato, was called by his nickname, "Kan-chan," and well liked even by Diet men from the LDP. He graduated from Waseda University's Department of Politics and Economics, and joined Chuo Koron-sha. After serving as an editor at CHUO KORON, he entered the political world after the war. He served as a director of the Finance Committee of the House of Representatives for many years, and became famous as a Finance Ministry's zoku Diet man from the SDPJ.

Mr. Kanki Sato also graduated from Waseda University's Department of Politics and Economics, and joined

Bungei Shunju-sha. After working at the editorial department for SHUKAN BUNSHU and serving as a vice director of the Publishing Bureau's Planning Office, he left the firm. He was elected for the first time in an election held in 1969 for the House of Representatives, and has been elected nine times in a row since then. He has been serving as a director of the Finance Committee of the House of Representatives for many years—he has been following his father's footsteps.

Compared to the LDP, the SDPJ does not have many second-generation Diet men. However, in addition to Messrs. Yamahana and Sato, most of these Diet men are members of the New Democratic League, including Messrs. Hirotaka Akamatsu, Aogu Matsumae, and Ichiro Hino. Furthermore, they occupy important positions within the New Democratic League: Mr. Yamahana is the chairman, Mr. Sato the vice-chairman, and Mr. Matsumae the director of its Administrative Bureau.

As those who left the LDP and formed the Shinjiyu [New Liberal] Club were second-generation Diet men, these second-generation Diet men must share some common denominators like making no bones about their party affiliations. There is much criticism against second-generation Diet men. But, Prime Minister Murayama seems to be threatened by these second-generation Diet men.

SDPJ Panel To Study Creation of New Party

OW2402123195 Tokyo KYODO in English 1133 GMT
24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan—SDPJ] plans to form a panel to study how to transform it into a new party with a better chance of surviving the coming elections, an SDP leader said Friday [24 February].

SDP Secretary General Wataru Kubo told reporters the panel will present a report in mid-March so that a new party platform can be adopted before unified local elections slated for April.

Kubo said he will make the proposal to create the panel at a meeting of the party's Central Executive Committee next week.

The panel will consist of some 10 members of the party's Central Executive Committee and take up a range of issues related to the creation of a new party, including its timing, Kubo said.

SDP lawmakers remain at odds over when to create such a new party, with some in support of forming it before the July elections for the House of Councillors but others in favor of it after the upper house elections.

Kubo indicated that the panel will take into account opinions from former SDP Chairman Sadao Yamahana, the leader of an SDP rebel group planning to set up a new partner after the April local elections.

"Of course, it will be possible that the panel makes a decision on its own after hearing opinions from people concerned," Kubo said.

The Yamahana group was to take steps to quit the SDP's parliamentary bloc on Jan. 17 in a prelude to the creation of a new party, but the great Hanshin earthquake that day forced it to shelve the move.

The SDP, with 70 members in the 511-seat House of Representatives, is one of the three parties making up the coalition government.

Hanshin Quake To Affect FY'95 'Favorably'

OW2402121695 Tokyo KYODO in English 0954 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Jan. 17 great Hanshin earthquake will reduce Japan's real economic growth in fiscal 1994, which ends March 31, by 0.3 percentage point to 1.0 percent over the previous year, a private think tank predicted Friday [24 February].

The Sanwa Research Institute, the research arm of Sanwa Bank, said the quake, however, will have a favorable effect in fiscal 1995 through an anticipated massive demand for restoration, particularly in public works projects.

The nation's economy in that year will show an inflation-adjusted 2.9 percent growth, with a contribution of 0.6 percent from the quake, it added.

Given a surplus in the nation's overall production capacity, the quake is unlikely to undermine economic growth in the medium term, the think tank said.

The institution estimates quake damage at 10 trillion yen, with damage to infrastructure for traffic at 2.4 trillion yen, to housing at 2.5 trillion yen and to corporation facilities at another 2.5 trillion yen.

In the short run, the quake will show more negative effects such as halting ongoing construction projects, cooling consumer consumption and disrupting distribution and production.

But demand for restoration will amount to 900 billion yen in the remainder of fiscal 1994 and swell to 5 trillion yen in the next fiscal year, it predicted.

Such demand will continue for several more years, it added.

MITI Issues 1994 Economic Growth Figures

OW2402135195 Tokyo KYODO in English 0848 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—Japan's industrial production followed a gradual recovery course in 1994, increasing 0.9 percent from the

previous year to score the first rise in three years, the Ministry of International Trade and Industry (MITI) said Friday [24 February].

The year's recovery pace was weaker than that seen in the past four recovery phases, MITI said.

Of 15 manufacturing and mining sectors surveyed, eight posted rises, including electrical machines and chemicals.

Shipments rose 1.2 percent, the first increase also in three years.

Of the shipments, domestic demand gained for the first time in three years for an increase of 0.4 percent, while overseas demand grew 3.7 percent.

MITI said overall final demand still lacked vigor in the reporting year.

Inventories for 1994 dropped 4.8 percent, slipping below the previous year's level for three years in a row.

By the end of the July-September quarter, corporations almost finished inventory adjustment, as evidenced by an output upturn in the quarter, MITI said, adding that the firms, however, were not intent on building up inventory.

Exports for 1994 climbed 3.7 percent, the first gain in two years, while imports surged 12.9 percent, the ninth consecutive yearly growth.

MITI said personal spending rose moderately, aided by the summer heat and tax reductions.

But it said corporate capital spending was slack, reflecting a lingering sense of excess facilities.

Production will continue a moderate uptrend in coming months through fluctuations, MITI said.

A big gap in demand-supply ties, traced to excessive capital spending and manpower infusion during the "bubble" era in the late 1980s, still exists, it said.

The Jan. 17 earthquake in western Japan is feared to have negative impact on Japan's manufacturing activity, MITI added.

Ministry Decides Terms for National Bonds

OW2402083295 Tokyo KYODO in English 0810 GMT 24 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Finance Ministry has decided on the terms of national bonds to be issued under a supplementary budget for fiscal 1994 to raise funds to rebuild areas destroyed by the Jan. 17 great Hanshin earthquake in western Japan.

The budget, the second of its kind in the current fiscal year ending March 31, allows the government to issue 1.59 trillion yen worth of national bonds.

The officials said 1.09 trillion yen worth of bonds will be offered for public subscription while the remaining 500 billion yen will be purchased by the ministry's Trust Fund Bureau.

They said the step is designed to prevent a rise of long-term interest rates on the money market resulting from the bond issue.

The entire amount of deficit-covering bonds worth 810.6 billion yen will be offered for public subscription along with 779.4 billion worth of construction bonds, the officials said.

They said 500 billion yen worth of construction bonds will be taken by the trust fund bureau.

The officials said two-year bonds will account for 500 billion yen while four-year bonds will amount to 1.09 trillion yen.

Government Means, Ways To Cut Deficits Noted

OW2102044695 Tokyo KYODO in English 0304 GMT 21 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—The Finance Ministry decided Tuesday [21 February] to make a provision in legislation concerning deficit-covering bonds that the government will make every effort to reduce national debts promptly, ministry officials said.

The legislation has been drafted to allow deficit-covering bonds to be issued in a second fiscal 1994 supplementary budget to finance reconstruction of areas devastated by the Jan. 17 earthquake, the officials said.

It will be the first time since fiscal 1989 for deficit-financing bonds to be floated without specifying redemption funds, they said.

Concerning redemption funds, some members of the ruling coalition parties remain very cautious about tax increases ahead of national local elections and the election for the House of Councillors, while others call for tax rises, including suspension of part of planned income tax cuts.

In its second supplementary budget, the ministry plans to issue deficit-covering bonds of 810.6 billion yen to make up for a drop in revenues from corporation and income taxes, as well as necessary expenses for urgent quake relief measures such as the disposal of debris in the quake-hit areas.

The ministry will submit the bill for deficit-covering bond issues to the Diet on Friday, aiming for its passage with the second supplementary budget plan, the officials said.

BOJ's Funds 'Ready' To Aid Credit Unions

OW2302141795 Tokyo KYODO in English 1335 GMT 23 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—The Bank of Japan [BOJ] is ready to offer "stopgap" funds

for a rescue plan for two financially troubled credit unions in case the Tokyo Metropolitan Government fails to invest in a special bank to take over the operations of the Tokyo-based credit unions, government sources said Thursday [23 February].

The move is under consideration as Komeito [Clean Government Party], the second largest party in the local parliament, is joining the camp opposing the rescue plan which includes major opposition parties Shinshinto (New Frontier Party) and the Communist Party of Japan.

Under the rescue plan, the Tokyo Metropolitan Government is expected to provide 30 billion yen in 15-year loans with an interest rate of one percent per annum to the two credit unions—Tokyo Kyowa Credit Association and Anzen Credit Bank, which are saddled with a combined 150 billion yen in nonperforming loans.

Tokyo Kyodou Bank, jointly established for the bail-out of the credit unions in mid-January by the central bank, the private financial sector and the Tokyo Metropolitan Government, is slated to start operations on March 20 with a capitalization of 21.5 billion yen.

The Tokyo local parliament is scheduled to vote during its March 9 plenary session.

Credit Union Offered 'Excessively' High Rates

OW2302144295 Tokyo KYODO in English 1407 GMT 23 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—One of two ailing credit unions at the center of a brewing financial scandal offered excessively high rates on money from depositors with close ties to its former president, officials at the credit union said Thursday [23 February].

They said the Tokyo Kyowa Credit Association offered an interest rate of more than 5 percent on time deposits from companies close to Harunori Takahashi between October and November last year.

Takahashi resigned last December as president of the credit union as its financial trouble was revealed.

"At that time many such deposits carried interest of below 4 percent, so that was an extraordinary rate in view of the state of business," one official said.

The credit association and Anzen Credit Bank, another financially troubled credit union whose former adviser was Takahashi, are subject to a controversial bail-out plan initiated by the Bank of Japan, the nation's central bank.

The bail-out scheme calls on the central bank, private banks and the Tokyo Metropolitan Government that supervises the credit unions to form a special bank to take them over until their bad loans can be written off.

The bail-out plan has come under fire as speculation has emerged that some politicians might have influenced it.

Takemura on Possible Smaller Income Tax Cuts*OW2102102195 Tokyo KYODO in English 0932 GMT 21 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 21 KYODO—Finance Minister Masayoshi Takemura suggested Tuesday [21 February] the government may reduce the amount of planned income tax cuts in fiscal 1995 to generate funds for restoration work in the quake-hit Kansai area.

Takemura dropped the hint at the House of Representatives Finance Committee in the course of debates on how to raise the necessary funds for rehabilitation of the Kobe area, ravaged by an earthquake Jan. 17 and by subsequent widespread fires.

He said the government will not raise the consumption tax as a source for the quake rehabilitation fund but other measures could be subject to study.

The government has decided to carry out income tax cuts totaling 5.5 trillion yen before the 3.0 percent consumption tax rate is raised to 5.0 percent in fiscal 1997.

Takemura said serious study should be given to fund-raising measures, including national bond issues and tax hikes, before a supplementary budget for fiscal 1995 is submitted to the Diet around June.

Murayama Urged To Review Postal Savings System*OW2302144895 Tokyo KYODO in English 1410 GMT 23 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—A government advisory panel on administrative reforms called on Prime Minister Tomiichi Murayama on Thursday [27 February] to review two of the most controversial public systems—the fiscal investment and loan program and postal savings.

In a report presented to the premier, the panel pointed to the need to review the two systems as administrative reform targets in the medium and long run.

The fiscal loan and investment program, known as "the second budget," is financed mainly by postal savings funds and public pension premiums for public works projects.

The postal savings system has been under fire from the banking community for taking out money which should have gone to the private sector.

The report sets the target of administrative reforms as aiming to create "a fair and vigorous society with freedom of choice under the principle of self-responsibility."

To that end, deregulation of government controls, disclosure of administrative information and streamlining of public corporations must be sought, it said.

Yotaro Iida, chairman of the panel, told reporters after presenting the report that panel members agreed to set up a subpanel to monitor progress in deregulation.

Murayama has said deregulation is the top priority of his government, while promising to cut 10 percent of the nation's 92 special public corporations by Feb. 10.

But the deadline was not met due to strong opposition from bureaucrats and threats from his coalition partners.

Outlook for Banks, Securities Firms Discussed*952A0351A Tokyo NIKKEI BUSINESS in Japanese 16 Jan 95 pp 10-11*

[Unattributed article in "NB Trends" column: "Fortune-Telling in 1995: Will Small Financial Institution Failures Continue and Bank-Securities Firm Alliances Begin Full Scale?"]

[FBIS Translated Text] In the financial world, where the aftereffects of the bubble are still being dealt with, even more striking differences are likely to emerge among financial institutions in their ability to manage their resources. If attempts to revitalize the stock market fail, management failures in the securities field will continue one after the other. Against this backdrop of a struggling securities industry, another play—about multiparty alliances among banks and securities firms—is about to start.

"Of course, there are some things you can't try to pass off or ignore."—Speaking was one of the heads of the Finance Ministry's Banking Bureau after the decision was made to shift the management of Tokyo Kyowa Credit Union and Anzen Credit Union, two failed credit unions, to a new bank established with funds from private banks and the Bank of Japan. Until then, the ministry had tacitly agreed to delay dealing with failures that could shake the stability of the credit world. The failure of these two credit unions, however, was proof that this state of affairs could no longer be "glossed over."

This year, cities will again see many of the small and mid-sized financial institutions that rushed into real-estate-related loans during the bubble period—presences that have been like "disasters waiting to happen"—finding that their number has been called up. Of the 53 credit unions in Tokyo, a number have been assigned to a special system of supervision, in which the local governing body in charge of such matters will oversee their account settlements. In Osaka, the prefectural government has requested joint audits with the Finance Ministry of four of its 25 credit unions for fiscal 1993. Also showing signs of continuing instability are the management of second regional banks and the regional banks in the Kansai area which are in the process of reorganization.

New nonperforming loans are continuing to emerge. According to the estimates of the Yamaichi Economic

Research Institute for the first half of fiscal 1994, 21 city, long-term credit, and trust banks held a combined total of approximately 1.2 trillion yen in newly reported nonperforming loans. The numbers have peaked since the second half of fiscal 1993, when the same figure was put at approximately 2.4 trillion yen. Still, according to some analysts, the figure could be 1.5 to 2 times higher than reported "if one includes credit claims like interest-exempt loans, which are not subject to reporting."

Specific Policies Quickly Needed for Housing Loan Problem

Still not dealt with is the problem of housing loan companies. Financial institutions do not include in their reports of nonperforming loans those extended to housing loan companies, but (according to the head of one city bank) "close to 70 percent of the roughly 11 trillion yen in credit advanced to housing loan businesses has gone sour." Financial institutions connected with agriculture and forestry have also loaned out a substantial amount of money. Since the stability of the financial system can seriously be affected by how these loans are dealt with, it is understandable that the question had been put the back burner.

Now, however, those in charge at the Banking Bureau say, "It is on this year's agenda to formulate specific policies to deal with the housing loan sector." According to a Finance Ministry official in charge of city banks, the ministry has given directions "to try to conclude the write-offs of nonperforming loans for all institutions other than those dealing in housing loans by the end of next March." This seems to be a sign that the curtains are about to go up on these housing loan problems.

While those tackling the problems left by the bubble are now getting into the thick of the battle, 1995, says a top official of the ministry, "will also be the year when we see the financial world groping for a forward-looking response."

The signal put out by one major city bank after another at branch managers' conferences held last autumn was "go" when it came to taking on increasingly more new loans. Mitsubishi Bank President Tsuneo Wakai says, "After the bubble collapsed, we made adjustments to get our brakes to work with more precision. Besides the brakes, there will be times now when we'll also be stepping on the accelerator." This is the bank, which in its September midterm accounts took over and wrote off over 100 billion yen in nonperforming loans held by two keiretsu-affiliated nonbanks. Banks that have the disposition of their nonperforming loans under control have now begun to turn their attention to their "next move."

Long-term credit and trust banks are feeling a growing "threat" from city banks. The gap in the relative strength of financial institutions and their ability to write off problem loans has widened in the course of their having to cope with the bubble's aftereffects. One of the reasons arguments have emerged for the early settlement of the

housing loan problem is that there is more leeway to deal with the problem now that some of the major banks have gotten their second wind. More financial institutions struggling under the weight of their problem loans are still likely to emerge this year, widening the gap among the runners even further.

In April, financial system reform—one key element of which is the elimination of the territorial boundaries separating banks, securities firms, and trust banks—will enter its second round. Those affected are expected to reopen arguments about expanding the scope of the services these financial institutions may mutually engage in.

Securities subsidiaries were established by a number of city banks last year. Because their principal business is underwriting bonds, they are not necessarily profitable right now. "But if they were also allowed to underwrite stock issues," says a source working at a long-term credit bank affiliate, "then these subsidiaries—especially those affiliated with city banks that have built up a strong client base by issuing private bond offerings—will have a much larger playing field to maneuver in. For this second round of the reform, the strategy of financial institutions is likely to change.

Liberalization will make even further inroads into the management of financial institutions as the deregulation of savings account interest rates moves ahead and the wider use of derivatives is seen. At the same time, they will also be subject to greater risks.

There has been a move, primarily on the part of the city banks, to introduce new approaches to managing credit risks. Fuji Bank, for example, has started to look into the method used in the United States to calculate value-at-risk (maximum possible losses) in derivative transactions and to find applications for it as a credit risk-management tool for loans. Suffering from the aftereffects of the bubble, financial institutions must surmount many risks.

"Selling Out" Is Synonym for "Success"

The securities industry has been even harder hit than the rest of the financial world.

"Mr. Yonemoto (president of Maruichi Securities Co.) was lucky."—The reaction among small and midsize securities firms to last October's news that Maruichi Securities Co. would become a subsidiary of one of the major new investment trust brokers, Kuredei Sezon, was tinged with envy. In the securities world, "selling out" is no longer a synonym for failure but has become another word for "success."

Says one securities firm source, "Of the 200 small and midsize securities firms in existence, the managers of fully two-thirds of them would like to relinquish their management rights." In fact, the financial directors of leading trading companies are often approached about "selling out." But, the Kuredei Sezon case was the

exception rather than the rule, says the head of a leading securities firm. "There are no longer any buyers."

There were 11 securities firms, including Kankaku and Cosmo Securities Co., whose fiscal 1994 midterm (September) financial reports show deficits eating into surpluses that had been accumulated from past profits. Eleven securities firms, including Sanyo, have fallen below the 200 percent mark to a level considered in the danger zone for meeting the capital adequacy ratio requirement. A head official in the Securities Bureau believes they will somehow make it through the March 1995 term. "But if the stock market situation doesn't improve," he says, "when it comes time to settle their accounts at the end of the March 1996 term, some companies are going to find themselves in trouble."

Along with the reform of investment trusts, the Finance Ministry embarked on a series of steps at the end of last year to make it easier for companies to go public with their stock. It was the straitened circumstances of the securities world—and the danger of firms not making it if something weren't done to revitalize the securities market—that made the ministry decide to embark on reform.

The ministry is pinning its hopes on investment trusts as a way out of these painful circumstances. Securities Bureau Chief Sohei Hidaka has designated 1995 "year one" for securities investment trusts. The mainstays of investment trust reform are the easing of investment regulations, beginning with investments in futures and options, and at the same time, broader disclosure of information such as that pertaining to investment outcomes. On 17 January, the giant Nomura Investment Trust Company began investment trust stock offerings, using derivatives.

A top official of the Securities Bureau predicts that if the investment trust is attractive, it will become more common to see it being traded outside the security firm's own keiretsu. Securities investment trust companies must show the ability to make good investments and present a good commodities plan. Those without these capabilities, says the head of a major investment trust company, "will be targeted for reorganization." Among other things, with the ban now lifted against the same firm providing investment advisory services and handling investment trusts, it looks as if reform may spur further reorganization in the industry.

To some degree, investment trust reform has lowered the fence separating banks from the securities trade. Top officials at Nomura Investment Trust Co. have begun accepting the idea of banks acting as brokers for investment trusts, reasoning that "the road should be widened to attract more investors."

According to a source at the parent Nomura Securities company, if banks are allowed to act as agents for investment trusts, it will be "inviting a financial monopoly by the leading banks." Another problem

would be the so-called independence of the subsidiaries. The ability of banks to act as agents for investment trusts is a two-edged sword. There are some in the securities field who feel "banks should be recognized as agents not only for investment trusts but for stocks as well." "With just our operating bases," they say, "it is going to be hard to inject new vigor into the market." Admits a key figure at Nomura Securities, "There would be a problem with city banks, but tie-ups with regional banks are something that should be looked into."

Another possibility from tie-ups between banks and securities firms is the securitization of the nonperforming assets that are held by the banks. Although admittedly, as pointed out by a member of the Securities Bureau, "there is no reason to believe that high-risk products will sell," for those in a field that has been hit hard by stagnating sales on the stock market, there is an urgent need to build new markets. Showing his resolve, the head of one major securities firm vows to "create a commodity scheme that the Finance Ministry can't possibly have any qualms about."

Some leading securities firms have begun to demand the complete deregulation of commissions on stock transactions as a way of reviving the market. The very fact that they are breaking their own taboos by beginning to talk about the deregulation of commissions and tie-ups with banks is an indication of the acute sense of crisis which hangs over the securities world. It appears that 1995 will be a year when banks and securities firms, still hurting from the bubble's collapse, will be groping toward alliances and tie-ups.

Retailers Still Abusing Power Over Suppliers

*OW2402124795 Tokyo KYODO in English 1107 GMT
24 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Fair Trade Commission (FTC) has called on large retailers to respect FTC 1991 trade guidelines after finding that many retailers continue to abuse their power over suppliers, the trade watchdog said Friday [24 February].

The FTC surveyed 3,000 suppliers doing business with big retailers to study the effects of the 1991 guidelines to end delivery practices that violate the Antimonopoly Law. The FTC received 611 responses.

The survey found that as many as 59.0 percent of suppliers have been forced to buy products from large retailers in return for doing business with them.

Only 11.3 percent of the suppliers said they were fully consulted by large retailers wanting small-lot deliveries or an increase in the number of deliveries, while 78.7 percent have been forced to accept delivery-cost increases without prior consultation, the FTC said.

The survey also found that 61.3 percent of suppliers have been compelled to accept cost increases resulting from the introduction of on-line order-processing systems, the FTC said.

More than 20 percent said forced purchases have decreased.

Based on the findings, the FTC called on the Japan Department Stores Association, the Japan Chain Stores Association and major retailers to follow the guidelines.

End Proposed To Ban on Holding Companies

*OW2302083795 Tokyo KYODO in English 0652 GMT
23 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 23 KYODO—A senior Trade Ministry official Thursday [23 February] called for lifting a ban on creating holding companies in Japan.

Speaking at a news conference, Tomio Tsutsumi, vice international trade and industry minister, said, "A provision that bans the establishment of a holding company has played a major antimonopoly role over the past 50 years."

"But looking around the world, it is only Japan and South Korea among major industrialized countries that have a rule to prohibit the establishment (of holding companies)," Tsutsumi said.

An advisory body for the Trade Ministry Wednesday issued a report that proposed an end to the ban on holding companies.

The ban is stipulated in Article 9 of the Antimonopoly Law, which has been in force since 1947 or two years after the end of World War II.

Behind the article is the fear that control of other companies through the holding of shares might hinder competition, as seen in prewar days.

"We should discuss without preoccupation why such a rule has been needed in Japan," Tsutsumi said. "The report can serve as a basis for the discussion."

Shutter Makers Warned for Forming Cartel

*OW2402112795 Tokyo KYODO in English 1006 GMT
24 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 24 KYODO—The Fair Trade Commission (FTC) said Friday [24 February] it has issued warnings to four shutters manufacturers for forming a price cartel.

The FTC said the four formed a cartel in the summer of 1993 to raise the price of heavy-weight shutters to be offered to construction firms in Hiroshima Prefecture.

The action, constituting a violation of the Antimonopoly Law, was taken to prevent a further decline in the price of the shutters, which was already experiencing a downturn amid slack demand following the bursting of the "bubble" economy, said the FTC.

The four companies are Sanwa Shutter Corp., Bunka Shutter Co., Suzuki Shutter, all based in Tokyo, and Toyo Shutter Co., based in Osaka.

The heavy-weight shutters manufactured by the four are used for securing office buildings. The four makers were under strong pressure from construction firms to cut selling prices for their products, the FTC said.

Company Cuts Commission for OTC Transactions

*OW2202124695 Tokyo KYODO in English 1205 GMT
22 Feb 95*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO—The commission charged on large-lot transactions of over-the-counter [OTC] shares will be lowered from March to two thirds of its current level, officials of Nihon Tendo Securities Co. said Wednesday [22 February].

As a result, the commission levied by the brokerage on buying or selling orders from fellow securities companies will be pared down to 0.0004 percent of the value of each transaction under 100 million yen, the officials said. Currently it charges 0.0006 percent.

Nihon Tendo Securities acts as the sole intermediary in all sell and buy orders placed over the counter for stock and other securities registered with the Japan Securities Dealers Association, functioning as a sort of exchange for brokers.

The commission reduction is intended to alleviate the current sluggishness in the OTC market and soften the commission burden on fellow brokerage houses, they said.

Nihon Tendo Securities was set up by more than 100 securities companies. The latest reduction is to follow a similar step last October that whittled the commission down to the current 0.0006 percent from the previous 0.0008 percent levy on each transaction.

North Korea

Paper Warns Against U.S. 'Military Pressure'

*SK2402050395 Pyongyang KCNA in English
0452 GMT 24 Feb 95*

["Reckless Acts of U.S. Military Denounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—NODONG SINMUN today comments on the military pressure of some U.S. military quarters on the Democratic People's Republic of Korea.

Alleging that the DPRK's deployment of conventional weapons along the Military Demarcation Line continues and, accordingly, the "security situation" of South Korea is "strained and dangerous" still now, they argue that, in case the implementation of the DPRK-U.S.

agreed framework is frustrated, the international pressure upon the DPRK including the reinforcement of the U.S. Forces present in South Korea and the South Korean puppet army and economic "sanctions" should be increased.

Viewing this as political, military and economic threat and blackmail against the DPRK and a wanton violation of the spirit of the DPRK-U.S. framework agreement in which the United States promised an end to its hostile policy, the analyst of the paper says:

The U.S. military quarters are putting a greater military pressure upon the DPRK which is honestly implementing the DPRK-U.S. agreed framework. This shows that there is no change in the U.S. policy to stifle the DPRK with strength. This is why the United States is maintaining and beefing up its forces present in South Korea, rebuilding its military bases and introducing new-type missiles there and, moreover, it is working to form even the "Northeast Asian forces".

The U.S. military quarters had better ponder over the grave consequences to be entailed when they drive the situation to an extreme phase.

The DPRK will never be frightened nor be shaken by the U.S. military threat. The Korean people will never pardon any act of encroaching upon their sovereignty and they will answer strength with strength, strong arm with strong arm. This is their legitimate right.

Although the DPRK-U.S. agreed framework is important, the DPRK has no intention to cling to it when its sovereignty is encroached upon.

If any serious situation is created on the Korean peninsula, the United States will be held wholly responsible for it.

The U.S. military quarters would be well advised to stop reckless acts and ponder over things for the sake of the United States.

U.S. 'Scheme' To Block Peace Mechanism Decried

*SK2402110195 Pyongyang KCNA in English
1050 GMT 24 Feb 95*

["U.S. Is Under Unavoidable Obligation To Establish Peace Mechanism, FM Spokesman"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—A spokesman of the Foreign Ministry [FM] of the Democratic People's Republic of Korea published a statement today denouncing the scheme of the United States and the South Korean authorities to block the establishment of a new peace mechanism on the Korean peninsula, making unreasonable remarks concerning the parties responsible for it.

The statement says:

The United States is shunning the DPRK-proposed establishment of a new peace mechanism, building up a

public opinion claiming that South Korea is a "party" qualified for the conclusion of a peace agreement.

The South Korean authorities contend that the United States is not a party concerned because it signed the Armistice Agreement on behalf of the United Nations, and that they are a "party" qualified for the conclusion of a peace agreement, pursuant to the North-South agreement.

This discloses the attempt of the United States and the South Korean authorities to block the establishment of a new peace mechanism at any cost.

The establishment of a new peace mechanism which would replace the Armistice Agreement on the Korean peninsula is an issue that should be settled between the DPRK and the United States.

The South Korean authorities have neither qualification nor justification to meddle with this issue.

As everyone knows, the "U.N. Forces Command," which is a signatory to the Korean Armistice Agreement, is a brain-child of the United States, that has no legal foundation.

As for the resolution of the U.N. Security Council adopted in July 1950, which is claimed to be the legal foundation of the "U.N. Forces Command," it did not decide to organize the "U.N. forces" but recommended that the Armed Forces and other assistance provided by U.N. member nations should be used by the U.S.-led Combined Forces Command. The "U.N. Forces Command" that has existed in South Korea since the 1950s is one which the United States brought into being by arbitrarily attaching the name of the "United Nations" to the Armed Forces of the satellite nations under its command.

The United Nations has never controlled the "U.N. forces" in South Korea nor has it assigned them for a peacekeeping mission. The "U.N. forces" in South Korea are U.S. forces serving for the execution of the Asia strategy of the United States. The United States is, therefore, an unavoidable legal party responsible for the establishment of a new peace mechanism, as long as the U.S. forces occupy South Korea.

The United States has completely held and exercised the operational control on the Armed Forces in South Korea as a whole and still does so.

The South Korean authorities do not have a complete operational control on their Armed Forces and do not exercise any control on the U.S. forces occupying South Korea. If the South Korean authorities squeeze in the establishment of a peace mechanism, it will make things complicated and there is nothing for them to do. It is an attempt to nullify the North-South agreement for the South Korean authorities to imprudently poke their nose into the establishment of a peace mechanism after committing themselves to nonaggression in the North-South agreement and forming a joint military committee with the North to implement it.

If the United States continues to evade its responsibility as a practical party concerned with the establishment of a new peace mechanism on the Korean peninsula from the legal point of view and in view of the state of the present Armed Forces in South Korea, we will have no alternative but to take more necessary measures to solve this problem.

Daily Stresses Need for New Peace Mechanism

SK2402061895 Pyongyang MINJU CHOSON
in Korean 22 Jan 95 p 4

[Article by Paek Sung-ho: "A New Peace Guarantee Mechanism Should Be Established at the Earliest Possible Date"]

[FBIS Translated Text] Alleviating tension and guaranteeing peace and security on the Korean peninsula are the unanimous demands of our people, as well as the peace-loving people of the world. Reflecting such demands, our Republic—which has taken independence, peace, and friendship as the principles of its external policy—has put forward a new proposal to replace the Korean armistice agreement with a peace agreement and, thus, to establish a new peace guarantee mechanism on the peninsula. Thus, the Republic has made active efforts for the realization of the proposal.

The great leader Comrade Kim Il-song has taught: "If the United States is really to support our country's reunification and to advance along the road of guaranteeing peace on the Korean peninsula, there will be no reason for it not to accept our proposal to replace the Korean armistice agreement with a peace agreement and there will be no problem that cannot be solved in improving relations between the two countries of the DPRK and the United States."

Our proposal to replace the armistice agreement with a peace agreement and to establish a new peace mechanism on the Korean peninsula is a most realistic and reasonable proposal in guaranteeing peace and security on the peninsula.

It is related to today's reality in which the Korean armistice agreement has become a mere scrap of paper.

The Korean armistice agreement, signed in the 1950's, is a tentative measure that regulates [kyuje] the cessation of military actions between the both sides in hostilities.

Because the Korean peninsula is in a state of cease-fire, the basic prerequisite for maintaining the armistice is banning the introduction of military operational equipment into Korea and the reinforcement of force of arms. This is why Subparagraph 13 of the Korean armistice agreement clearly bans the introduction into Korea of reinforcing combat aircraft, armored vehicles, weapons, and ammunition.

However, the armistice agreement has failed to come into force today because of the flagrant violations of the agreement by the United States, one of the participants.

Even before the ink in the text of the armistice agreement dried, the United States introduced weapons of mass destruction into South Korea and deployed them there, flagrantly violating the agreement. In the early stage it introduced even weapons, including nuclear weapons, into South Korea secretly for fear of the armistice agreement. Today, however, the United States is openly introducing into and deploying in South Korea up-to-date military equipment, including new types of missiles.

Last year alone, the United States deployed numerous, modern war equipment such as "Patriot" missiles, Apache helicopters, and F-16 fighters in South Korea and constantly staged various types of military exercises against us together with the South Korean puppet troops. This year, too, the United States has staged every day espionage activities against us and war exercises for a northward invasion.

This proves that the United States, one party of the armistice agreement, is ignoring the validity of the armistice agreement and that the military confrontation and the danger of a new war on the Korean peninsula cannot be prevented with the armistice agreement.

Because of such acts by the United States, the text of the armistice agreement has become merely a scrap of paper. Such being the situation, without replacing the armistice agreement with a peace agreement, peace and security cannot be guaranteed on the Korean peninsula. This is only too clear to everyone.

That the replacement of the armistice agreement with a peace agreement and the establishment of a new peace mechanism on the Korean peninsula constitutes a most reasonable and realistic problem is closely related to the problem facing the armistice agreement.

In accordance with Clause C of Article II of the Korean armistice agreement, the Neutral Nations Supervisory Commission [NNSC] was established as an organ to supervise and control the status of observing the armistice agreement. However, with the revelation by NNSC observation teams of acts violating the armistice agreement, such as the introduction of weapons of mass destruction into South Korea, the United States forced the teams to withdraw from their area of control unilaterally. Thus, the United States has paralyzed the NNSC's function.

In March 1992, the United States appointed a South Korean Army "general"—who is not legally appropriate or qualified in view of the armistice agreement—as senior member of the U.S. side to the Military Armistice Commission [MAC], thus making it impossible for the commission to carry out its function.

As a result, the Chinese People's Volunteers delegation, which had stayed as a member of the DPRK-Chinese side to the MAC, could no longer carry out its mission and completely withdrew from the MAC.

Under today's circumstances in which the armistice agreement has become nominal, in which the armistice

monitoring mechanism has been broken, and in which the MAC has no place to exist, replacing the armistice agreement with a peace agreement and building a new peace mechanism is an urgent problem that can no longer be delayed.

This became clear when a U.S. military helicopter infiltrated our country's territorial airspace last December. At the discussions on this incident, the United States was not represented by a South Korean Army "general," but by a U.S. general and a deputy assistant secretary of state of the United States, who came as a special envoy of the U.S. President and as a representative of the U.S. Administration. The U.S. side consented to our side's demand that the DPRK and the United States continue to hold military contacts in Panmunjom to find ways to prevent incidents that may threaten peace and security on the Korean peninsula.

All facts clearly show that only when a peace agreement replaces the armistice agreement and when a new peace mechanism is built, can military confrontation be prevented and peace and security be ensured on the Korean peninsula.

Therefore, our Republic's peace overture to replace the armistice agreement with a peace agreement and build a new peace mechanism wins enthusiastic support and sympathy from peace-loving people of the world.

They state this peace proposal by our Republic is an overture that helps prevent the buildup of Armed Forces and the danger of war on the Korean peninsula, stabilize the situation, and substantially and reliably ensure a stable peace and security there. They also strongly demand the United States accept the proposal without delay.

Our Republic and the United States have held talks in various stages in recent years. The historic DPRK-U.S. agreed framework guaranteed by the heads of state of the two countries was adopted and signed last October. The two sides are now carrying out activities to put the agreed framework into practice.

During the talks and in the agreed framework, the United States supported Korea's reunification and revealed it would make efforts to denuclearize the Korean peninsula and build peace and security there.

Today, when the DPRK and the United States have released the agreed framework and are in the implementation stage, the United States has no reason not to accept our Republic's proposal for replacing the armistice agreement with a peace agreement and building a new peace mechanism.

When a peace agreement replaces the armistice agreement and when a new peace mechanism is built, peace and security will be legally ensured on the Korean peninsula, and this will contribute to peace and security in Asia and the world and Korea's reunification, as well.

The United States must clearly know that unless a new peace mechanism replaces the Korean armistice agreement, the hostile relations between the DPRK and the United States cannot be brought to an end, and a genuine reconciliation cannot be achieved.

If the promises which the United States made during its talks and meetings with us are not false, it must accept, without delay, our proposal for building a new peace mechanism.

ROK Conducts DMZ Military Exercise 21, 22 Feb

*SK2402044595 Pyongyang KCNA in English
0436 GMT 24 Feb 95*

[Military Exercise and Provocation Against North—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—The South Korean puppets brought 400 soldiers armed with large-calibre machine guns and automatic rifles, and heavy tanks and 105 mm artillery pieces of the puppet army into the forefront area on Feb. 21 and 22, military sources said.

They held a military exercise against the North, firing hundreds of shells and a thousand bullets.

On the other hand, the puppets perpetrated a military provocation by illegally bringing 1,000 soldiers, 90 mm recoilless guns and 12.7 mm machine guns and ten odd trucks loaded with means of war and armed soldiers into the Demilitarized Zone.

The reckless war moves of the puppets near the Military Demarcation Line and in the Demilitarized Zone that are becoming more frequent are a grave challenge to the nation's desire for reunification.

ROK Soldiers Urged To Fight Against Exercises

SK2202092195 Pyongyang Radio Pyongyang in Korean to South Korea 0930 GMT 21 Feb 95

[Unattributed talk from the "Hour for Soldiers of the South Korean Armed Forces" program: "Warmongers' Reckless Maneuvers for War"]

[FBIS Translated Excerpt] Officers and men of the South Korean Armed Forces: As you know the Kim Yong-sam puppet clique's indiscreet war mania has reached an extreme stage. According to a military source, the Kim Yong-sam puppet clique staged on 17 and 18 February joint aerial exercises aimed at a northward invasion in the skies of Oeyon Islet, Wonju, and Chunchon, South Korea in collusion with outside forces.

These provocative war exercises characterized by air strikes, land attack, and ground support involved some 20 marine aircraft from overseas air bases and about 720 planes belonging to the U.S. 7th Air Force and the puppet air force. [passage omitted covered by referent item]

Facts clearly show that this year, too, the Kim Yong-sam puppet clique is still advancing along the road of North-South confrontation and war, running counter to the trend of the times and the aspiration of the nation.

This year, which marks the 50th anniversary of national liberation and half a century of national division, all fellow countrymen in the North, the South, and overseas are vigorously rising up in the reunification movement with the firm determination to more vigorously carry out the great reunification march in order to end the country's division forced by outside forces. The world's people, as well, unanimously wish that a turning point is opened in solving the issue of peace and reunification of Korea on the strength of the favorable atmosphere created thanks to the settlement of the DPRK-U.S. talks of last year.

That at this juncture the Kim Yong-sam puppet clique is dashing along the road of North-South confrontation and war revealed again that the puppet clique are warmongers and splittist maniacs who are seeking a fratricidal war, while turning away the general trend of the times and the whole nation's desire for reunification.

However, history has shown that good consequences are never provided to warmongers. We are keenly watching the Kim Yong-sam ring's indiscreet provocation maneuvers with high vigilance.

Like the butterfly that is fond of fire is destined to be burned to death by fire—likewise, what will be provided to the warmongers of the Kim Yong-sam ring who are seeking only confrontation and war, is only ruin and death.

Officers and men of the South Korean Armed Forces: What results have the war exercises into which you were driven by outside forces and the puppet clique brought about? It was only humiliation and death. Therefore, you should find a due lesson from the disgraceful destiny that you and your seniors have undergone. Nevertheless, today you are still committing the crime of aiming your rifles at the hearts of fellow countrymen. You should be aware of your class status and today's situation of our nation and should no longer be driven into the rascals' war commotions. You should vigorously rise up in the struggle to achieve national reunification in the 1990's by taking the side with the fight of your parents, brothers, and 70 million fellow countrymen.

Cilreco Publishes Feb Issue of Bulletin
SK2302101695 Pyongyang KCNA in English
1006 GMT 23 Feb 95

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The International Liaison Committee for Reunification and Peace in Korea (Cilreco) published the February issue of its bulletin.

The bulletin carries detailed accounts of an enlarged meeting of the secretariat of the Cilreco held in Paris

under the title "Let Us Make 1995 'A Year of International Solidarity for Achieving the Reunification of Korea in the 1990s'."

In an article titled "We Urge Correct Implementation of DPRK-U.S. Agreed Framework", it points to a series of positive measures for the implementation of the agreed framework and says that all the attempts to obstruct a smooth implementation of the framework should be sternly denounced.

Recalling the proposal of a joint meeting of the political parties and organisations of the Democratic People's Republic of Korea for the representatives of parties, groupings and social strata in the North, the South and overseas to jointly celebrate the 50th anniversary of national liberation, the bulletin says that many organisations in South Korea will frustrate the negative attitude of the Kim Yong-sam regime and successfully hold the grand festival of August 15 for reunification which will create a favourable atmosphere for the reunification of the country.

The bulletin carries an article demanding that the nuclear countries should abolish their nuclear weapons in conformity with the will of the world people and an article exposing the violation of human rights in South Korea.

International Groups Criticize ROK Security Law
SK2302050995 Pyongyang KCNA in English
0438 GMT 23 Feb 95

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The International Committee of Jurists for Democracy and Human Rights in South Korea issued a statement on Feb. 14 laying bare the reactionary nature of the "National Security Law" of South Korea.

The statement said the Kim Yong-sam regime's invariable attitude against the demand of the times finds graphic manifestation in the maintenance of the "National Security Law". This evil law is used as a legal instrument to incriminate all pro-reunification acts and anti-"state" activities, it added.

Even the U.S. State Department criticised South Korea's "National Security Law," it noted, adding that when this law is scrapped in South Korea, the North and the South of Korea will be able to hold direct dialogue, shelving their differences as the DPRK and the United States did.

The statement called on the United Nations nongovernmental organisations and human rights organisations to put pressure on the Seoul authorities and build up public opinion so that the main obstacles to detente between the North and the South and the elements harmful to human rights can be removed immediately.

South's Suppression of Labor Movement Denounced

SK2202214195 Pyongyang KCNA in English
1511 GMT 22 Feb 95

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The Central Committee of the General Federation of Trade Unions of Korea issued a statement

today denouncing the South Korean puppets for brutally suppressing the labor movement under the pretext of "economic stability."

The statement says:

The South Korean puppets held a meeting of department directors of 13 ministries and agencies including the "Ministry of Labor," the "Ministry of Home Affairs," the "Ministry of Government Administration" and the "Ministry of Information" some time ago, crying for "a resolute reaction to illegal labor-management disputes." They discussed "measures for counteraction" against labor unions in the public sector, especially the way of blocking the labor union which calls the first strike this year from solidarizing with other labor unions.

The Kim Yong-sam group is mustering all the forces available to suppress the labor movement from the beginning of the year, crying out for "economic stability." This is aimed at preventing the mass action of the South Korean workers for vital rights and democracy and surviving the crisis of the rule caused by the failure of the domestic and foreign policies and the total bankruptcy on the economy. "The South Korean puppets preach labor-management cooperation" under the cloak of "globalisation" and "industrial peace" with a view to bleeding the workers white.

As a matter of fact, this means they demand the South Korean workers reconcile themselves to unlimited exploitation and oppression as meek slaves of capital. This is a brigandish demand which can be made only by the traitor Kim Yong-sam, the most shameless and vicious of the successive rulers of South Korea.

The bankruptcy of the South Korean economy today is not a result of workers' strikes. It is an inevitable outcome of the contradictory structure of the economy totally dependent on foreign forces and the Kim Yong-sam "government's" policy of destroying the national economy. The South Korean workers must unite firmly and struggle more resolutely to push their demands for wage hike, improvement of work conditions and other vital rights and democracy and decisively remove the political vices of society.

Three 'Defectors' to ROK Called 'Human Dregs'

SK2402105595 Pyongyang KCNA in English
1039 GMT 24 Feb 95

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—"The South Korean puppets took to South Korea three riffrafs who had lived in the northern half of Korea and are now going to use them for the anti-communist propaganda, claiming that they "defected" to the South, according to a report. [quotations as received]

The three men, Kim Pong-chol, Chon Song-chol and Yi Min-tok, all were taken to Seoul from Russia by the puppets, are none other than human dregs who disliked

working and committed such crimes as attempted murder and theft, leading a vagrant life.

Kim Pong-chol engaged himself in bad practices, loafing. He disappeared in January 1994 after stealing money and articles of his colleagues.

Chon Song-chol, too, is a habitual swindler. He was engrossed in commercial wrongdoings, pocketing others' money unhesitatingly after promising them to buy goods for them. For this he was admonished more than once. But he got worse in his misconduct. After leaving the collective in August 1993, he committed theft among Russians over the past one year and a half.

Yi Min-tok was a worker of the Hyesan branch of the Academy of Agricultural Science. He wandered from one place to another and led a dissolute life, styling himself a researcher. He attempted to kill his wife by striking her on the head with a wine bottle when she told him to quit such a life.

Finding no place to stay in our society after being divorced, he slipped away to China in June 1991 in the hope of mixing himself with Korean residents in China. With his true color as a swindler and a robber revealed, he could not but move to Russia where he was allured by the puppets with money.

Thus, the three traitors, about whom the puppets are now loudly advertising, as if they caught big fishes, are rascal who cannot be tolerated in our society replete with noble virtues of helping and leading each other forward under our party's benevolent politics based on love and trust.

The South Korean puppets are so helpless that they allured with money such human dregs and took them to South Korea to use them in the anti-DPRK propaganda, calling them "defectors." This is something like a political cartoon.

By taking them to South Korea, the puppets fully showed to the world people that South Korea is an assembly place of human derelicts and Kim Yong-sam is their king.

Having set records in betrayal, tergiversation [as received], flunkeyism, treachery, fascism, confrontation, war hysteria, political drama and anti-ethical acts, the traitor Kim Yong-sam seems to intend to make another "administrative achievement" by gathering offscourings.

Clear is what the Kim Yong-sam clique seek in taking riffrafs to South Korea and clamouring about their "defection."

Now they are suffering from the most serious ruling crisis for the failure of all the policies including "the reform policy," "the policy towards the North" and "the Northern policy", the growing discontent of the people, the conflicts within the ruling quarters and cold treatment by their masters.

The sentiments of national reconciliation, unity and reunification mounting among people of various social

strata on the threshold of the 50th anniversary of national liberation, put in the grip of extreme uneasiness the traitorous clique which stake their fate on division and confrontation.

So, they intend to launch an anti-DPRK smear campaign by making use of human dregs and thus divert the people's attention elsewhere, save their ruling crisis, if only a little, and foster antagonism and confrontation among the fellow countrymen in order to cast a chill over the atmosphere of the grand reunification festival celebrating the 50th anniversary of the country's liberation.

However, this cannot be a lifebelt for them. Dogs bark, the caravan moves on.

The puppets must know that they have nothing to get from the human dregs.

They, the criminals and traitors, are all as like as two peas. They can never be pardoned by the nation for their crimes.

Waste is burnt, buried or dumped. The traitors and criminals can never evade the curses and punishment by the nation.

Red Cross Aid Sought in Repatriating Prisoners

*SK2302102195 Pyongyang KCNA in English
1010 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang February 23 (KCNA)—The society for the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners (The Society for Repatriation) sent a letter to the president of the South Korean Red Cross on February 7.

The letter said:

The Society for Repatriation of South Korea had already requested the South Korean Red Cross to take a step for an early return of old Kim In-so, Ham Se-hwan and Kim Yong-tae to their hometowns in the North out of humanitarianism and, at the end of last year, sent cotton quilts and pajamas intended for them to the South Korean Red Cross, hoping they would safely pass winter. But it has not received any reply.

The repatriation of the unconverted long-term prisoners is a matter of human conscience and a matter affecting humanity, which must be resolved without delay in view of international law.

The society demanded that the South Korean Red Cross take a prompt measure for their repatriation and, for the present, convey the cotton quilts and pajamas to them quickly.

Afro-Asian Group Urges ROK Prisoners' Release

*SK2302223495 Pyongyang KCNA in English
1510 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The January and February issues of the bulletin Human Rights published by the Afro-Asian Peoples' Solidarity Committee of Egypt carried an article

headlined "Unconverted Long-term Prisoners in South Korea, North Korean Prisoners of War, Must Be Sent Back to Their Hometown".

North Korean prisoners of war are kept in South Korea still even though it is more than 40 years since the end of the Korean War, the article said. They should have been sent back to the North soon after the ceasefire in accordance with the Korean Armistice Agreement and the Geneva convention on POWs.

The three long-term prisoners were released from prison, but the South Korean authorities have been turning down their ardent demand to be repatriated to their hometowns for reunion with their families and the people dear to their hearts, it noted.

The article recalled that the International Committee for the Release and Repatriation of the Unconverted Long-Term Prisoners in South Korea to the North in a statement published last year urged the South Korean authorities to send back the unconverted long-term prisoners to their hometown as they wish since the process of detente and peace has started with the adoption of the momentous agreement on the nuclear issue and other security matters between the DPRK and the United States.

Paper Urges Change in Japan's Compensation Laws

*SK2402102495 Pyongyang KCNA in English
1017 GMT 24 Feb 95*

["Japan Must Revise Domestic Laws"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—The "International Movement Against Discrimination", an international human rights organization, at a recent meeting of the U.N. Commission on Human Rights called for the adjustment of domestic laws of Japan, pointing out that Koreans in Japan are excluded from the application of the "Law on Assistance to War Victims" for the reason that they have no Japanese nationality. Commenting on this, a by-lined article of NODONG SINMUN today says the voices demanding the adjustment of the Japanese laws for compensation are coming from the UN rostrum. This is because the Japanese Government persecutes, looks down upon and suppresses the Koreans in Japan, pursuing the national discrimination policy, it adds, and goes on:

The Japanese Government enacted the "Law on Assistance" and the "Law on Pension" and has made compensations to the Japanese soldiers and military civilians wounded in the war and the "bereaved families" of the Japanese war dead, but excluded from the compensation many Koreans who were taken to battlefields by force and worked as military civilians, for the mere reason that they have no Japanese nationality.

It is a downright discrimination against and disregard of other nationals for the Japanese Government to refuse to

compensate other nationals, the victims, while compensating its people though they were assaulters.

The Koreans in Japan are those who narrowly escaped death after being drafted as "soldiers" or "workforce" and taken to battlefields of the aggressive war or forced to back-breaking toil during the Japanese imperialist colonial rule, and their children. The Japanese authorities are under legal and moral obligation to guarantee them democratic national rights. But they still subject them to discrimination and suppression. This is a wanton violation of the basic rights of humanity and international law and an unbearable insult to international justice and conscience of humankind.

It is part of the liquidation of the past for the Japanese authorities to pay proper compensations to the Koreans in Japan who suffered at the hand of the old Japanese army.

Japan must quickly revise her discriminative and biased domestic laws which allow compensations to the home people but exclude other nationals from it, and pay fair compensations to all the victims.

Friendship Delegation Departs for Visit to PRC

*SK2302104595 Pyongyang KCNA in English
1032 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—A delegation of the Korean Committee for Cultural Relations With Foreign Countries and the Korea-China Friendship Association headed by Choe Hui-chong, chairman of the State Commission of Science and Technology and chairman of the Central Committee of the Korea-China Friendship Association, left here today for a visit to China.

It was seen off at Pyongyang Railway Station by Chon Yon-ok, vice-chairperson of the Korean Committee for Cultural Relations With Foreign Countries and vice-chairperson of the Central Committee of the Korea-China Friendship Association, and Chinese Ambassador to Korea Qiao Zonghuai.

Kang Song-san Meets Cuban Economic Delegation

*SK2302105195 Pyongyang KCNA in English
1036 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The premier of the Administration Council of the Democratic People's Republic of Korea, Kang Song-san, met and had a friendly talk with the visiting Cuban Government trade and economic delegation headed by Minister of Foreign Trade Ricardo Cabrisas Ruiz at the Mansudae Assembly Hall today.

Present there were Chairman of the State External Economic Affairs Commission Yi Song-tae and other officials concerned and Cuban ambassador to Korea Jose Ramon Rodriguez Varona.

Noting that the spirit of devoted service displayed by the great leader Comrade Kim Il-song for the country and the people is a noble example for the world progressive people, the head of the delegation said they will always remember his feats.

He expressed the belief that the Korean people will register greater achievements in socialist construction and in the struggle for the independent and peaceful reunification of the country and glorify the idea of the great leader Comrade Kim Il-song and the precious revolutionary traditions provided by him, under the wise guidance of the great leader Comrade Kim Chong-il.

Stressing the need to develop cooperative relations between the two countries in all fields, he said the bilateral relations of friendship and cooperation are developing steadily even under the new international situation and they will continue developing in the future.

Brazilian Delegates Aid in Monument Construction

*SK2302051095 Pyongyang KCNA in English
0441 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The visiting delegation of the October 8 Revolutionary Movement of Brazil led by Claudio Campos, secretary general of the movement, on February 22 helped builders of the monument to the foundation of the Workers' Party of Korea which is being built in Pyongyang to celebrate the 50th anniversary of its foundation (October 10, 1945).

After helping the builders, the secretary general told them the exploits of the Workers' Party of Korea have become the banner of his party's struggle.

He expressed the belief that the reunification of Korea will surely be achieved under the guidance of the great Comrade Kim Chong-il.

The monument will always remain a grand monument not only for the Korean people but for humankind, he stressed.

He left a flag of the movement to builders.

Chuche Study Groups Formed in Romania, Bulgaria

*SK2302050195 Pyongyang KCNA in English
0432 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—Chuche idea study groups were inaugurated in Bucharest and Sofia on the occasion of the birthday of the great leader Comrade Kim Chong-il.

Prof. Vasile Budriga of Bucharest University was elected chief of the Romanian Group for the Study of the Chuche Idea, and member of the Central Committee of

the Bulgarian Communist Party (Marxist) Georgi Rachev chief of the Bulgarian Group for the Study of the Chuche Idea.

At the inaugural meeting in Bucharest, chairman of the National Committee of the Romanian Socialist (Communist) Party Florian Petrescu said:

"The achievements made in Korea clearly prove the validity of the chuche idea. Our party will deeply study the chuche idea and vigorously fight to reconstruct socialism in Romania with our own efforts."

In his speech at the inaugural meeting in Sofia, Georgi Rachev said:

"Comrade Kim Chong-il, the successor to the revolutionary cause of Comrade Kim Il-song, is a great leader produced by the present century.

"Led by him, Korea has become a beacon of hope for the progressive people of the world.

"It is a duty of all the revolutionaries of the world to study and widely disseminate the chuche idea founded by Comrade Kim Il-song and enriched by Comrade Kim Chong-il."

Letters to Comrade Kim Chong-il were adopted at the inaugural meetings.

Canadian Pomminnyon Chairman Departs Pyongyang

SK2402020495 *Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 21 Feb 95*

[FBIS Translated Text] Chon Chung-nim, chairman of the Canadian regional headquarters of the National Alliance for the Country's Reunification [Pomminnyon], and his companion departed Pyongyang on 21 February by plane.

They were seen off at the airport by functionaries concerned.

Journalists Union Delegation Returns From Jordan

SK2402020395 *Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 21 Feb 95*

[FBIS Translated Text] A Korean Journalists Union delegation led by Choe Yong-sam, first vice chairman of the union's Central Committee, which had participated in the 12th congress of the International Journalists League held in Jordan, returned home by plane yesterday.

North-Mongolian Friendship Group Returns Home

SK2402013295 *Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 21 Feb 95*

[FBIS Translated Text] A delegation of the DPRK-Mongolia Friendship Association led by its Chairman

Yun Ki-chong, finance minister, flew back home on 21 February after winding up its visit to Mongolia. The delegation was welcomed at the airport by Chon Yon-ok, vice chairman of the Korean Committee for Cultural Relations with Foreign Countries, and Sharabyn Gungaadorj, Mongolian ambassador to our country.

New Envoy, Benin President Meet, Discuss Kims

SK2402021095 *Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 22 Feb 95*

[FBIS Translated Text] Pak Song-il, our country's new ambassador extraordinary and plenipotentiary to Benin, presented his credentials to Beninese President Nicephore Soglo on 17 February.

The ambassador conveyed the greetings to President Nicephore Soglo from the great leader [yongdoja] Comrade Kim Chong-il. Expressing his deep gratitude, the president asked the ambassador to convey to the great leader [yongdoja] Comrade Kim Chong-il his heartfelt greetings wishing him a long life.

The president said that he once again expressed his deep condolences over the death of the great leader His Excellency President Kim Il-song in the name of the Beninese Government, people, and himself.

He stressed: The great leader His Excellency President Kim Il-song was a great man who devoted his whole life to the country's prosperity and reunification. His Excellency Kim Chong-il, who has inherited the great leader's cause, is a great leader [yongdoja] who has gained sufficient leadership experiences, while perfectly personifying extraordinary traits and quality as befitting the leader [yongdoja]. We wish that under the great leader [yongdoja] His Excellency Kim Chong-il's wise leadership, Korea's peaceful reunification will be realized at an early date, and Korea will be more prosperous and thriving.

Youth Conference Vows Solidarity With Koreans

SK2202103495 *Pyongyang KCNA in English
1014 GMT 22 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The participants in the world youth conference for support to the reunification of Korea held in Lisbon on Feb. 10 adopted a resolution expressing full support and solidarity for the just cause of the Korean people and youth for the peaceful reunification of the country and vowing to invigorate on an international and regional scale activities of solidarity with the Korean youth.

The resolution strongly demanded the replacement of the Korean Armistice Agreement with a peace agreement, establishment of a new peace mechanism and an immediate stop to all kinds of military exercises staged by the South Korean authorities in league with outside forces, and their military provocations and arms buildup.

Saying that the adoption and publication of the DPRK-U.S. framework agreement is a brilliant fruition of the

DPRK's consistent policy of independence, peace and friendship, the resolution urged the United States to sincerely implement the agreement.

The resolution held that the reunification of Korea should be achieved through the establishment of the Democratic Confederal Republic of Koryo on the basis of the three principles of independence, peaceful reunification and great national unity and "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by his excellency the great leader President Kim Il-song.

Sends Letter to Kim Chong-il

*SK2202103895 Pyongyang KCNA in English
1028 GMT 22 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The great leader Comrade Kim Chong-il received a letter from the participants in the world youth conference for support to the reunification of Korea held in Lisbon.

The letter dated February 10 says that all the participants in the conference considered that the most reasonable, realistic and aboveboard way of achieving the reunification of Korea is to realise at an early date the proposal for confederacy based on one nation, one state, two systems and two governments according to "10-point programme of the great unity of the whole nation for the reunification of the country", a great charter of national unity, on the basis of the three principles of independence, peaceful reunification and great national unity which was put forward by his excellency the great leader President Kim Il-song.

The sudden death of his excellency the great leader Kim Il-song is a great loss to the progressive people all over the world who aspire after the independent and peaceful reunification of Korea, to say nothing of the Korean people, the letter says, adding:

"We expressed full support and solidarity for the cause of the Korean people and youths who are making strenuous efforts to open an epochal phase in the struggle to achieve the independent and peaceful reunification of Korea this year marking the lapse of 50 years since the national division and 15 years since the publication of the proposal for founding the Democratic Confederal Republic of Koryo."

It sincerely wishes the great leader of the Korean people Comrade Kim Chong-il good health and a long life.

Foreign State, Party Leaders Praise Kim Chong-il

*SK2302223695 Pyongyang KCNA in English
1506 GMT 23 Feb 95*

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—Foreign state and party leaders expressed feelings of reverence for the great leader Comrade Kim Chong-il when they met the Korean ambassadors to their countries.

President of Benin Nicephore Soglo said that his excellency Kim Chong-il, who carrying forward the cause of his excellency the great leader President Kim Il-song is a great man on the modern times who thoroughly embodies the distinguished character and qualification as a leader and has accumulated a wealthy experience in leadership.

He expressed the hope that Korea's peaceful reunification would be achieved at an early date and Korea be more prosperous under the wise guidance of his excellency the great leader Kim Chong-il.

Sani Abacha, head of state and commander-in-chief of the Armed Forces of Nigeria, said that he wished his excellency the great leader Kim Chong-il greater success in carrying forward the cause of his excellency President Kim Il-song.

Eli Altam Ranow, general secretary of the Central Committee of the Communist Party of Nicaragua, and Virgilio Godoy, general secretary of the Independent Liberal Party on Nicaragua, said they are rejoiced over the brilliant achievements of the Korean people in all the aspects under the leadership of the great leader Comrade Kim Chong-il and will make active efforts for developing the relations with the Workers' Party of Korea.

Sylvstre Ntibantungnh, chairman of the Burundian Democratic Front, said his excellency the dear leader Kim Chong-il is a faithful successor to the revolutionary cause of President Kim Il-song and a true paragon of a benevolent statesman possessed of the spirit of devoted service for the people.

Saying the center of singlehearted unity of the Korean people is his excellency Kim Chong-il, he noted that Korean-style socialism and the great unity of the Korean nation are unthinkable without his excellency Kim Chong-il.

Infalicio Sayago Herrera, general secretary of the Central Committee of the Socialist People's Party of Mexico, said respected Comrade Kim Chong-il imbues the world people aspiring to socialism and independence with confidence in victory and courage by applying the chuche idea in society's construction.

He sincerely hoped that respected Comrade Kim Chong-il will continue to set examples instilling confidence and courage into the minds of the people by wisely leading the WPK and the Korean people.

Eric Oqeveot, general secretary of the Central Committee of the New Communist Party of Great Britain, said respected Comrade Kim Chong-il is a great man of the modern times who embodies the thought, leadership and noble virtues of Comrade Kim Il-song who was the

mentor of all the people when he met the Korean ambassadors to the International Maritime Organisation.

He said:

"We, communists keenly feel that the respected comrade Kim Chong-il is the destiny and future of the international communist movement and socialist movement.

"British communists will strive to revive socialism and complete its cause, invariably upholding him as their leader.

"We sincerely wish him a long life in good health for happiness of the world progressive people and the future of socialism."

More Foreign Officials Congratulate Kim Chong-il

*SK2302054695 Pyongyang KCNA in English
0423 GMT 23 Feb 95*

[All names of foreign party officials as received]

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The great leader Comrade Kim Chong-il received congratulatory telegrams from Algerian President Liamine Zeroual, Trinidadian President Noor Hassanali, Zairean President Mobutu Sese Seko Kuku Ngbendu Wa Za Banga, Gabonese President El Hadj Omar Bongo and Cambodian First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen on his birthday.

They extend warmest congratulations to him on his birthday and wish him a long life in good health.

They express the belief that the friendly and cooperative relations between their countries and Korea will continue to develop on good terms.

He also received congratulatory telegrams from general secretary of the Mongolian People's Revolutionary Party B. Dashyondon, General Secretary of the Central Committee of the Communist Party of India (Marxist) H.S. Surjeet, President Man Mohan Adhikari and General Secretary Madhav Kumar Nepal of the Central Committee of the Nepal Communist Party (UML), Chairman of the National Committee of the Romanian Socialist (communist) Party Florian Petrescu, Chairman of the Russian Liberal Democratic Party V.V. Zhirinovsky, Chairman of the Executive Committee of the "Working Russia" movement Viktor Anpilov, First Secretary of the Central Committee of the Russian Communist Workers' Party V. Tyulkin, Chairman of the Council of the Union of Communist Parties—the Communist Party of the Soviet Union O. Shenin and Chairman of the Central Committee of the Communist Party of the Russian Federation G.A. Zhyuganov on the same occasion.

A congratulatory telegram also came to him from the Central Committee of the Romanian Communist Party on his birthday.

Foreign Media Publish Kim Chong-il's Works

*SK2302050295 Pyongyang KCNA in English
0428 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—The great leader Comrade Kim Chong-il's famous works were reported by foreign mass media.

The Angolan paper JORNAL DE ANGOLA carried his famous work "Socialism Is a Science" under the title "Faith of Leader Kim Chong-il" with his portrait.

The work was carried by the Tazhik paper GOLOS TAZHIKISTANA, the Danish paper POLITIGEN, the Thai paper SIN CHONG YUAN PAO, the Senegalese paper LE TEMOIN and the Syrian paper AL BAATH. A Zairean paper carried an article explaining the work.

Radio Uganda broadcast it.

The Burkinabe paper OBSERVATEUR carried his famous work "On the Fundamentals of Revolutionary Party Building." It said the works of His Excellency Kim Chong-il serve as a textbook and banner for the activities of progressive parties around the world.

Portugal Awards Kim Chong-il Commemorative Medals

*SK2202103695 Pyongyang KCNA in English
1023 GMT 22 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The medal of Cascais City and Portugal's commemorative medals of 500 years after the discovery of the continent were awarded to the great leader Comrade Kim Chong-il on his birthday.

A ceremony for awarding the medal of Cascais City to Comrade Kim Chong-il was held at the Cascais City Hall on February 15.

Addressing the ceremony, Jose Orta y Casta, deputy mayor of the city, said it was a great honor for him to award the city medal, on behalf of the citizens of Cascais, to his excellency dear Kim Chong-il who is creditably carrying forward the cause of his excellency respected President Kim Il-song.

We, citizens of Cascais, wish his excellency dear Kim Chong-il good health and a long life for Korea's reunification and the happiness of the Korean people, he said.

He said that the Cascais City assembly decided to award to Comrade Kim Chong-il the city medal and Portugal's commemorative medals of 500 years after the discovery of the continent which are presented to the most reputed state guests visiting the city, and handed the city medal and five medals embossed with the portraits of five well-known navigators to the Korean ambassador to Portugal.

Cubans, Australians Visit Kim Il-song Statue

*SK2302051195 Pyongyang KCNA in English
0443 GMT 23 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 23 (KCNA)—Foreign guests called at the statue of the great

leader President Kim Il-song standing on Mansu Hill here and paid homage to him.

A Cuban government trade and economic delegation headed by Minister of Foreign Trade Ricardo Cabrisas Ruiz laid a floral basket before the statue and made a bow on February 21.

A delegation of the Australia-Korea council headed by chairman Bill Hartley laid a bouquet before the statue and paid homage to President Kim Il-song on February 22.

Bill Hartley said, "I know well that though the great leader President Kim Il-song passed away to the regret of the people, Korea is more shining under the wise leadership of His Excellency Kim Chong-il."

Russian Forestry Delegation at Kim Il-song Statue
SK2202054195 Pyongyang KCNA in English
0455 GMT 22 Feb 95

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—The visiting Russian Government forestry delegation led by A. A. Kalin, vice-chairman of the State Committee for Industry Policy of Russia, laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a bow on Feb. 20.

Paper Praises Kim Il-song Work on Rural Issue
SK2402103595 Pyongyang KCNA in English 1028
GMT 24 Feb 95

["Highly Important Work Indicating Way of Ultimate Solution of Socialist Rural Question"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—Papers here today dedicate articles to the first anniversary of the publication of "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses", a famous work of the great leader president Kim Il-song, on February 24, 1994.

In the work, President Kim Il-song proudly summed up the achievements made in the struggle to apply the socialist rural theses and clearly indicated the way of ultimately solving the rural question by consolidating and expanding them.

Prof. and Dr. Kim Chol, in an article contributed to NODONG SINMUN says that an important spirit of the work is the idea of achieving the final victory of socialism and powerfully demonstrating the advantages and invincibility of Korean-style socialism by successfully solving the rural question through the acceleration of the socialist rural construction.

The article quotes Comrade Kim Il-song as saying:

"It is a solemn duty we have assumed to the present times and history to solve the rural question successfully

in our country which, under the socialist banner of *chuche*, is defending and developing the socialism of our own style."

The article further says:

Comprehensively expounded in the work are tasks of raising consciousness of the peasants and their technical and cultural standard to those of the working class and completely eliminating the ideological and cultural backwardness of the countryside by further deepening the ideological and cultural revolution in the rural communities.

In the work, the great leader said that the task of the present stage is to realise the industrialisation and modernisation of agriculture on a high stage by consolidating and expanding the achievements made in the rural technical revolution.

The work indicates all questions ranging from the question of consolidating the achievements made in irrigation, electrification, mechanisation and an extensive use of chemical means and making them pay off to the question of steadily increasing the agricultural production on the basis of the achievements of the rural technical revolution and of the development of the agricultural science and technology.

The work also indicates tasks and ways of actively assisting the countryside; the working class should be good examples in revolutionizing and assimilating peasants to the working class and play a leading role in socialist rural construction; industry's material and technical assistance to agriculture should be strengthened; and commodity supply for the rural communities should be improved.

It is the important principle set forth by the great leader in the work that cooperative ownership can be turned into an all-people ownership only when co-op farmers are trained into revolutionaries and assimilated to the working class and agriculture is put on a high industrial and modern basis through a dynamic drive for capturing the ideological and material fortresses in the socialist rural construction.

Expounded in the work are all the concrete matters for successfully accomplishing the historical cause of switching the cooperative ownership over to all-people ownership including the question of bringing the cooperative farms under public ownership with county as a unit and taking its forms and methods which accord with the socialist rural economic system of our country and specific situation in the rural communities.

The work of the great leader is a militant banner which powerfully encourages the advance of the Korean people to step up the socialist rural construction and accelerate the complete victory of socialism, stresses the article.

Anniversary of Kim Il-song Guidance on Education

*SK2402051095 Pyongyang KCNA in English
0446 GMT 24 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—A meeting was held here Thursday to mark the 30th anniversary of the guidance of a general meeting of the party organisation of the Ministry of Higher Education by the great leader President Kim Il-song.

President Kim Il-song made public his work "On Improving Higher Education," guiding a general meeting of the party organisation of the Ministry of Higher Education in February 1965 when socialist system had been established and socialist construction was progressing in full scale in Korea.

The work is an ideological and theoretical weapon which the educational workers should always keep as a guiding compass and an educational encyclopedia which gives profound answers to the questions of principle arising in strengthening and developing higher education.

Choe Tae-pok, alternate Politburo member and secretary of the Central Committee of the Workers' Party of Korea, made a report at the meeting.

He said:

The great leader President Kim Il-song in his work, basing himself on a deep-going analysis of the characteristics of Korean intellectuals, put forward a revolutionary policy of working-classizing and revolutionizing educational workers and teachers and indicated concrete tasks and ways for its realization. Thus he laid a foundation for rearing them to be revolutionary teachers and revolutionary intellectuals devotedly serving the party and the leader, the country and the people.

The noble intention of President Kim Il-song to firmly establish *chuche* in teaching and educational work and steadily improve the quality of the training of native cadres is being carried into practice today in the heat of the revolution in education under the energetic guidance of the great leader Comrade Kim Chong-il.

The dear leader Comrade Kim Chong-il saw to it that education should be done our own way to successfully realize President Kim Il-song's idea of education for developing it along the *chuche*-oriented line and he gave energetic guidance so that universities and other educational institutions could be built into reliable bases of training *chuche*-type communist revolutionaries.

Daily Hails Kim Il-song Work on Intellectuals

*SK2302135795 Pyongyang Korean Central
Broadcasting Network in Korean 0018 GMT 23 Feb 95*

[NODONG SINMUN 23 February special article: "A Classic Work Which Opened a Road of Revolutionary Advancement in the Work of Training National Cadres"]

[FBIS Translated Text] At a time when we are vigorously accelerating the march for this year, when we will mark the 50th anniversary of the founding of the Workers' Party of Korea [WPK] and the 50th anniversary of national liberation with wholehearted unity, while upholding the party's leadership, we are today observing the 30th anniversary of the publication of the immortal, classic work by the great leader Comrade Kim Il-song "On Improving the Work of Higher Education."

Greeting this day, all our people, as well as functionaries of the educational sector, are filled with boundless reverence and adoration for the fatherly leader who founded and embodied the great *chuche* educational ideology, who developed a resplendent era of efflorescence of the socialist civilization, and who provided this land with the most advanced and people-oriented socialist educational system. At the same time, they are firmly determined to effect a new advancement in educational work under the party's leadership.

The work "On Improving the Work of Higher Education," which the great leader published on 23 February 1965, was a historic document which gave comprehensive clarification to the theoretical and practical problems in revolutionizing and 'working-classizing' intellectuals; in establishing *chuche* in the work of education, indoctrination, and scientific research; and in enhancing the quality of the work of training cadres. Because of its justness and truthfulness, the work brought brilliant success in developing educational work; it displays greater vitality with each passing day.

We cannot help admiring the great leader Comrade Kim Il-song's extraordinary foresight and tested leadership, with which he paid deep heed to educational work and the work of training national cadres; devoted untold pain to the work; and enabled our country to display its proud reputation of being the country of education, the country of learning, of which the people of the world are envious.

The great vitality of his classic work lies in that it led our intellectuals along the true road of revolutionizing and 'work-classizing' them.

The great leader Comrade Kim Il-song taught: If our intellectuals are given proper, ideological indoctrination and make proper efforts, they can become intellectuals who most faithfully serve the people; in other words, true intellectuals for the working class, revolutionary intellectuals.

With the establishment of a socialist system, and with the deepening of socialist construction, the problem of intellectuals was brought up in a manner different from the previous period. For intellectuals who work in a socialist society in which the working popular masses are its masters, what matters is not whom they serve but how they can better serve the working class and working popular masses.

After all, the essence of the problem of intellectuals in a socialist society is the work of revolutionizing and 'working-classizing' them, rooting out the old ideas remaining

in the intellectuals, and bringing them up to be intellectuals for the party as well as intellectuals revolutionized in the style of the working class.

In his work, the great leader made a specific analysis of the old, ideological remains existing in intellectuals and its cause, clearly elucidating the tasks and methods for revolutionizing and 'working-classizing' intellectuals, such as intensifying ideological indoctrination and revolutionary organizational life, going among the working class to learn revolution-mindedness and to adopt a fighting spirit from them, and enhancing party-mindedness and class-mindedness.

The ideology and tasks put forth in the work have been brilliantly embodied under the party's wise leadership, and have brought forth great reality.

The respected and beloved Comrade Kim Chong-il, who upholds the great leader's noble will of inscribing a brush along with the hammer and sickle as our party's mark, embraced intellectuals in his heart, enlightened them, and took care of them so ideological indoctrination work and revolutionary discipline could be intensified for them and the process of carrying out the revolutionary task could become the process of revolutionization.

The respected and beloved Comrade Kim Chong-il provided the Korean Intellectuals' Meeting and the National Educational Functionaries' Meeting, as well as conferred high state citations and honorary titles on the intellectuals. Love and consideration such as this, which the respected and beloved Comrade Kim Chong-il granted to our intellectuals, is incalculable.

Thanks to the party's precise policy on intellectuals, today our intellectuals are firmly and wholeheartedly united around the great leader [widaehan yongdoja] Comrade Kim Chong-il, and are brought up to be the party's eternal companions, faithful helpers, excellent advisers, enthusiastic defenders, and thorough implementors of the party's policies, loyally upholding his leadership. To make their country and their fatherland richer and stronger, and to enhance its development, they devote all their wisdom and talent.

No intellectual in any other country is so revolutionarily educated and disciplined, and so excellently carries out his duty as an intellectual of the working class loyal to the party and the leader, firm in faith to socialism, and devoted in spirit to serving the country and people, as are the intellectuals of our country. This shows the boundless vitality of the policy of revolutionizing intellectuals set forth in the work, and is clear proof of the wisdom of the leadership of the fatherly leader and the respected and beloved Comrade Kim Chong-il who made all painstaking, energetic efforts for its realization.

The great vitality of the work published by the great leader Comrade Kim Il-song also lies in the firm establishment of *chuche* in education, indoctrination, and

scientific research. Firmly establishing *chuche* in education and scientific research is an important guarantee to develop education and science in our own style and to brilliantly fulfill the cause of socialism.

Under the condition where the pressure and offensive by the imperialists increases with each passing day, we must develop education and science in our own style so we can successfully build a communist paradise in this land.

The problem of establishing *chuche* in the work of education and science is a problem of vital interests connected with the destiny of the country and the future of the revolution. In the work, the great leader proudly summed up the successes that had been made in the struggle to establish *chuche*, and clearly elucidated the tasks and methods for developing education and scientific research in our own style based on his profound analysis of the geographical condition, the special characteristic of the historical development of our country, and the harmfulness of flunkeyism and dogmatism.

The ideas and theories set forth in the work—such as having a good knowledge of our country and our revolution, of developing scientific research work based on our country's natural resources, and of accepting other countries' science and technology in conformity with the reality of our country—are valuable guidelines that make it possible to firmly establish *chuche* in scientific research work.

Through thoroughly implementing the ideas and theories set forth in the work, proud success was attained in the struggle to develop all education and scientific research independently. All educational contents were consistent with the *chuche* idea; in college educational programs, having students realize the glorious revolutionary history and immortal revolutionary achievements of the great leader and the respected and beloved Comrade Kim Chong-il was treated as the most important subject; and the education of science and technology at colleges was firmly converted into the education of specialized knowledge and technology necessary for the *chuche*ization, modernization, and scientization of the people's economy.

Today, all higher education is turning out on its own, able scientists, technicians, and experts who are required to make the country richer, stronger, and more prosperous, adding luster to our style of socialism. Reality shows that when we firmly establish *chuche* in education and scientific research, as the great leader set forth in his work, we can continuously strengthen the country's self-reliance and build a rich and strong country.

The great vitality of the work is also found in opening a revolutionary advancement in the struggle to enhance the quality of training cadres. Enhancing the quality of training cadres is a very important matter in higher education. To continuously improve the training of cadres and the indoctrinating of college professors, as well as turning out many excellent national cadres and able scientists and technicians, is the mission of higher education; this is the

way to vigorously accelerate the three revolutions—ideological, technological, and cultural—and to strengthen the might of the country in every way.

This work endlessly improved the instructional and educational work at universities. Thus, it is an important guideline in making it possible to decisively enhance the quality of training cadres. Here, the principle problems—from enhancing the teachers' level and strengthening study among them, to smoothly supplying experimental equipment and books to universities and scientific research institutes, and effectively carrying out guiding work at universities—are clearly elucidated in improving higher educational work.

The fatherly leader's [suryong] intention to foster more promising intellectuals who will reliably uphold the chuche revolutionary cause through high scientific knowledge and technology, by endlessly enhancing the quality of the work to train cadres, was brilliantly realized amid the flames of the educational revolution kindled by the great leader [yongdoja] Comrade Kim Chong-il.

The respected and beloved Comrade Kim Chong-il said that if socialist construction is to be carried out well, the people in charge must be educated and indoctrinated first, and a basic key in solving the problem must be found. He wisely led the work to enhance the quality of training cadres in the higher educational sector. In the energetic hands of the leadership of our party, up until recently many curriculum and departments were newly established to foster technicians in up-to-date technology at universities, and many universities, including the Kim Il-song University and Kim Chaek University of Technology, as well as higher junior colleges, were organized in a modern manner at the highest level.

The ranks of university teachers, who are directly in charge of training national cadres, were endlessly supplemented as teacher revolutionaries of the new era who received chuche education. Thus, they grew up to be ranks filled with loyalty and filial piety; the ranks of those possessed with academic degrees and professorships greatly increased, making it possible to enhance the quality of higher education one more level.

Today, we are faced with the heavy task of bringing about a new turning point in educational work to further make my country and my fatherland all the more rich and powerful by highly upholding the respected and beloved Comrade Kim Chong-il's leadership. If this task is to be successfully achieved, the ideology and theory presented in the work must be continuously and thoroughly fulfilled.

The chuche educational ideology and theory elucidated in the great leader Comrade Kim Il-song's many works, including "On Improving the Work of Higher Education," is a precious treasure which has eternal vitality today, tomorrow, and forever, as well as a cornerstone for the ages making it possible to endlessly develop socialist education in accordance with its intrinsic nature.

We must firmly adhere to and thoroughly embody the great leader's [suryong] chuche educational ideology as an eternal guiding ideology in socialist, education construction and a guideline in all educational activities. By doing so, our party's revolutionary, educational tradition and our country's most superior socialist educational system can be resolutely advocated, adhered to, and endlessly elucidated. Along with this, educational functionaries must endlessly train and self-cultivate themselves through practicing organizational life and instructional and educational work, so they can endlessly elucidate the honor of being a teacher revolutionary and career revolutionary, embraced by the party and leader [suryong]; students must be fostered to become magnificent, able personnel who have a firm revolutionary view of the leader [suryong] and who have deeply experienced modern scientific and technological knowledge.

All educational functionaries must thoroughly implement the concrete educational ideology and theory put forth in his immortal work "On Improving the Work of Higher Education" so that the fatherly leader's [suryong] immortal achievements, which he accumulated by devoting his entire life with effort and whole-hearted energy, is elucidated generation after generation; the cause of modeling the entire society after the chuche idea must be all the more vigorously accelerated.

KPA Helps Coal Miners, Bereaved Families

*SK2302012095 Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 21 Feb 95*

[FBIS Translated Text] Soldiers of a Korean People's Army [KPA] unit, where Comrade Yi Yong-tae serves, are highly displaying the traditional beautiful spirit of Army-civilian unity, while strongly defending the socialist fatherland.

The soldiers of the unit are positively assisting a coal mining complex where Comrade Mun Chang-kol serves, a complex that has stood up to mark the 50th anniversary of the party founding with high political enthusiasm and brilliant labor achievements.

Marking the felicitous February day, the soldiers went to visit members of the eighth pit, the Cha Kwang-su Youth Shock Brigade. The soldiers even transported many pit props to blind ends of pits and gave hundreds of assistance materials to the coal miners. They also assisted coal miners in their work and vigorously carried out political agitation work, which included a performance of various small artistic pieces, an explanation of slogans, and a delivery of consolatory letters.

The youth shock brigade members said that they were encouraged because the warriors, whom the comrade supreme commander holds dear and loves came with assistance materials, worked with and encouraged them. They also said with confidence that they would fulfill the annual plan by mid-April by raising the flames of increasing production.

This unit's soldiers helped not only the working class, who has stood up to carry out the party's revolutionary economic strategy but the family of An Kwang-nam, a worker who has been raising 18 orphans. This has impressed the people. The soldiers of the unit displayed a noble sense of revolutionary obligation by taking care of the families of fallen soldiers and those killed by the enemy. Marking the festive February day, they sent musical instruments and stationery goods to families of fallen soldiers and those killed by the enemy. On their days off, they also visited them and cleaned their houses.

National Active Educational Workers Meeting Held

*SK2202230595 Pyongyang KCNA in English
2228 GMT 22 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA)—A national meeting of active educational workers was held here over Feb. 21-22.

It was attended by Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea [WPK] and vice-president, and other senior officials and educational workers in the capital and from local areas.

The participants paid a silent tribute to the memory of the great leader President Kim Il-song.

The meeting discussed measures to further develop educational work as demanded by the developing revolution at a new stage, bring up the younger generation to be intensely loyal and devoted to the party and the leader and fulfil the tasks set out in the autograph letter of dear Comrade Kim Chong-il on the New Year's day and in the joint editorial of NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON.

Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee, made a report, to be followed by speeches.

The reporter and speakers noted that the great leader President Kim Il-song, regarding education of the younger generation as a fundamental issue decisive of the future of the revolution and the destiny of the nation, wisely led education along a triumphant road in the whole period of his leadership of the revolution and construction.

President Kim Il-song's chuche-oriented idea of education and imperishable feats are creditably being carried forward by the great leader Comrade Kim Chong-il, they said.

By publishing "On Further Developing Educational Work" in July 1984, Comrade Kim Chong-il defended President Kim Il-song's idea of education and clearly indicated the way of training the younger generation to be true successors to the revolution.

Over the last ten years, the number of universities and colleges has increased 50 percent, the material and technical foundations of educational institutions have been consolidated and the country has become "a land of

learning" and "a land of education" with one technician or specialist or more for every six persons of work age.

The great leader Comrade Kim Chong-il said:

"The educational sector is today confronted with the weighty task of developing public education and the training of technicians and specialists to a higher level so as to meet the new requirements of our revolution."

The reporter and speakers said all the students and school children should be educated to be revolutionaries who are firmly equipped with the great chuche idea and devote their energy and wisdom to making their country, their motherland, more prosperous with the belief that their leader, party and socialist motherland are the best.

They called for working as befits soldiers and disciples of President Kim Il-song, closely united around Comrade Kim Chong-il in one mind, true to the behests of the president so that a revolutionary change may take place in socialist education and the revolutionary cause of chuche be promoted.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

Visits to Changsan Revolutionary Site Reported

*SK2402101995 Pyongyang KCNA in English
1011 GMT 24 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA)—People from all walks of life continue to visit the Changsan Revolutionary Site associated with the revolutionary traces of the great leader Comrade Kim Chong-il.

The site is situated in Sosong District, Pyongyang.

The Changsan Revolutionary Site is a historic place where Comrade Kim Chong-il conducted energetic activities for carrying out the far-reaching plans of President Kim Il-song for the construction of the capital and building of the Armed Forces between 1957 and 1962.

Comrade Kim Chong-il climbed up Chang Hill with students on March 31, 1957. He cultivated his lofty idea of making Pyongyang grand and graceful while personally planting trees in this place where not a tree survived the enemy's bombing during the three years of war.

Comrade Kim Chong-il left immortal traces at this place when he took part in the construction of the Wasan-Yongsong road expansion project with the students of Kim Il-song University, leading it, from May 15, to June 4, 1961.

He wisely led the builders and students, taking the lead in difficult and arduous work, saying: "I am one of revolutionaries who carry out the instructions of the leader."

One day in May when the construction was at its height, he visited the kindergarten of the then South Pyongan

provincial daily necessities factory and took good care of the kindergarten work with fatherly love. Then he, playing the organ, sang "Song of Blessing" which he had composed wishing for the safety of the fatherly leader President Kim Il-song who was shouldering the destiny of the nation in the days of war.

The "Song of Blessing" containing Comrade Kim Chong-il's loyalty and filial piety to the fatherly leader has widely been sung by the Korean people since that time.

He visited a billet of soldiers participating in the road expansion construction and warmly looked after their life, sharing simple meals with them and organising tea parties for them.

He guided a military training to equip students with President Kim Il-song's idea and theory of army building and war method of *chuche* on Chang Hill from March, 1961 to June, 1962.

The working people who call at this place harden their resolve to hold Comrade Kim Chong-il in high esteem and devote everything to the revolutionary cause of *chuche*, recalling his immortal history.

* Inevitability of Socialism's Victory Analyzed

952C0058A Pyongyang NODONG SINMUN in Korean
26 Nov 94 p 2

[Article by Pak Chong-nam: "In-Depth, Scientific Elucidations of the Inevitability of Socialism's Victory and the Way to Realize It"]

[FBIS Translated Text] "Socialism Is Science," a classic work of the dear leader Comrade Kim Chong-il, has created widespread repercussions at home and abroad, people viewing it as "a complete library of socialism for our times" and "a great ideological and theoretical weapon to guide the 21st century." The reverberations are gathering strength daily.

Taking an important place in the ideological theories newly stated and systematized in this classic work are theories dealing with the historical inevitability of socialism and the way to realize it.

In socialist theories and practice, it is one of the foremost important tasks to correctly elucidate the inevitability of socialism's victory and the way to realize it. That is because only when this task is correctly resolved is it possible to clearly explain why socialism is science and to bring the people to have firm confidence in socialism and launch vigorously into struggles for its realization.

In his classic work, the dear comrade leader, based on the *chuche* view of history, elucidated the historical inevitability of socialism's victory and the way to realize it to scientific and theoretical perfection, thereby providing us with an ideological and theoretical weapon with which to successfully advance the socialist cause in our times under any circumstances.

The dear leader Comrade Kim Chong-il pointed out as follows:

"Socialism is the ideology and revolutionary banner of the masses of people fighting for an independent stand and attitude. The independent stand and attitude of the masses of people is realized by socialism/communism."

First of all, the dear comrade leader, proceeding from the intrinsic demand of man, the subject of the socialist movement, has creatively elucidated the historical inevitability of socialism.

Earlier theories viewed the historical inevitability of socialism chiefly from the standpoint of material and economic factors. Marxism classified society by productive forces and productive relationships and by foundations and upper structures; it found the origin of the history of society in the development of productive forces.

From this viewpoint, earlier theories, explaining the historical inevitability of the transition from capitalism to socialism, said that as productive forces develop, and as production thus takes on social features, ownership changes accordingly with the private, capitalist form of ownership shifting to the socialist form. Socialism therefore, they said, is an inevitable stage of historical development.

They perceived the course of social development as a natural historical process reflecting development of productive forces and therefore could not but be a one-sided view.

From a standpoint focusing on objective material and economic conditions, it is impossible to correctly establish a viewpoint and position toward people—that is, the masters and people in charge of the struggle for socialism, i.e., the masses of people—or to have a correct understanding of the historical inevitability of socialism's victory.

Based on an in-depth enunciation of the intrinsic characteristics of social movement as a movement of *chuche*, and proceeding from the demand inherent in the nature of people, the dear comrade leader has elucidated anew the inevitability of the victory of socialism. Thus, the inevitability of the transition from capitalism to socialism has been proved to absolute perfection for the first time in history.

Social movements are human movements from the beginning to the end; therefore, social historical theories should be explained on the basis of human interests. Needless to say, general laws of the material world affect social movements, too. However, inasmuch as social movement is movement of man, an existence qualitatively distinguished from any natural existence, its characteristics are defined by intrinsic features of man himself, not by any common link with nature.

The activities of man are indeed restricted by material and economic conditions—i.e., objective conditions—

but not controlled by them. Since the subject of social movement is mankind, the inevitability of social change and development can be explained correctly only when the focus is put on man and man's intrinsic demand.

Thus, based on his in-depth elucidation that man's intrinsic demand for self-dependent life and development can be met only in a society based on collectivism, the dear comrade leader established scientifically and theoretically that the transition from individualism-based capitalism to collectivism-based socialism is historically inevitable.

In his classic work, the dear comrade leader has elucidated in depth the reactionary identity of individualism as a product of private ownership and the absolute superiority of collectivism representing the intrinsic demand of man. This is of very important significance in proving the inevitability of the transition from individualism-based capitalism to collectivism-based socialism.

As elucidated by the dear comrade leader, collectivism is the intrinsic demand of man.

Only through the collective cooperation of members of society, not through individual means, can man remake nature, reform society, and fulfill man's intrinsic demand. The intrinsic human demands find expression as collective and individual ones; they can all be combined and fulfilled satisfactorily only through embodying collectivism. Demands of individuals away from collectivism fuel individualistic greed; when they do, they infringe on the collective's intrinsic demands, hindering its solidarity and cooperation. The reason that the masses of people could not have an independent stand and attitude for themselves in the past hostile-class society was that it was invariably a society based on individualism. Since man's intrinsic demand can be met only through collectivism, there must be the transition from individualism-based society to collectivism-based society, namely, a society of socialism/communism, if the independent stand and attitude of the masses of people is to be realized. This is an undeniable truth, representing the historical sum of man's social development.

Capitalism subjects individualism to the unrestricted greed of a handful of capitalists, pushing hostile contradictions of individualism-based society to the extreme. It represents the final exploiting society of mankind. At the same time, this is an age of self-reliance in which the masses of people entered into the picture as the master of their destiny, and as the master in control of the world.

The dear comrade leader has scientifically elucidated the intense contradictions of capitalist society—in which individualism has reached its height—and the characteristics of the present age as the age of self-reliance, thereby proving more powerfully that the transition from individualism-based capitalism to collectivism-based socialism has become an inevitable demand of historical development.

The dear comrade leader creatively elucidated—on the basis of the role of people—the historical inevitability of socialism. This is a great achievement having brought a basic turnaround in the scientific understanding of socialism.

The dear comrade leader unequivocally elucidated the transition from capitalism to socialism not as a simple result of the development of productive forces, but as an inevitable process of historical development of society based on the intrinsic demand of man. This has indisputably proved that it is the basic trend of our times that no force can stop history from heading for socialism. Thus, the sophistry of imperialists and renegades of socialism ranting and raving of an "end of socialism," asserting that the ideology of socialism itself is wrong, has come to unveil its falseness in every detail. And the revolutionary people the world over have come to have full confidence in socialism and vigorously launch into struggles for its realization.

Also, the dear comrade leader in his classic work has made perfect elucidations of revolutionary forces and revolutionary struggle methods for realizing socialism based on the role of the masses of people, the subject of revolution.

Socialism is indeed an inevitable stage of historical development and socialist society is a society that conforms to man's intrinsic nature, but they do not come by themselves. In the absence of revolutionary forces and valid struggle methods prepared and readied, socialism remains a mere wish.

Marxism explained that in capitalist society, contradictions exist between productive forces and productive relationships, that these contradictions are resolved through class struggles of the exploited masses of workers against the exploiting class, and that the working class is the class to undertake and lead this class struggle. This indicates that in their perception about revolutionary forces and struggle methods, too, earlier theories had the focus on material and economic factors.

Earlier theories viewed social historical movement not as a movement of *chuche* occurring and developing by the active function and role of the masses of people, but as a natural historical process of change and development mainly involving material and economic factors. Thus, they failed to present strengthening the subject of revolution and enhancing its role as the basic method of revolution.

The dear comrade leader fully analyzed the influence of the development of productive forces—which earlier theories viewed as the starting point of social movement—on the class relations and revolutionary struggles in capitalist society. By doing so, he completely overcame the limitations of socialist theories in the past and showed the most correct way to lead revolution to victory in our times.

As explained in the classic work, development of productive forces in capitalist society deepens the bipolarization of "the rich getting richer and the poor getting poorer" and intensifies class contradictions; at the same time, it increases the possibility of monopoly capitalists using part of their huge monopoly profits to soothe class contradictions. As history shows, socialist revolution did not necessarily occur first in countries where capitalism had developed; likewise, the proletariat is not the only class with interests in revolution either.

Based on in-depth analyses of the historical lessons of our revolution and the international communist movement, the dear comrade leader clearly showed a scientific way to strengthen the *chuche* of revolution, enhance its role, and thus expedite the victory of socialism.

While objective conditions play an important role in revolutionary struggles, they are not a decisive factor determining the outcome of the revolution. Inasmuch as the subject of social historical movement is the masses of people, the outcome of socialist revolution depends on how to conduct the work of enhancing the self-dependent consciousness and creative power of the masses of people.

The experience of our revolution advancing under the banner of the *chuche* ideology proves that if we strengthen the *chuche* of revolution and enhance its role, we can not only correctly utilize the prevailing objective conditions but can also turn even unfavorable conditions into favorable ones, adversity into prosperity, and misfortune into blessings.

The elucidated ideology—the ideology that strengthening the *chuche* of revolution and enhancing its role is the basic way to obtain the victory of socialist revolution—has brightly illuminated the way for us to firmly consolidate revolutionary forces under any circumstances, and wage our struggle for socialism more vigorously.

The dear comrade leader, based on a scientific analysis of the intrinsic characteristics of socialist society, elucidated that the role of the masses of people in the *chuche* of social movement is enhanced unprecedentedly in socialist society.

Socialist society is a society that develops by the creative power of the masses of people who are armed with high ideological consciousness and who are united as one. Therefore, the basic way to successfully push forward socialist construction lies in strengthening the *chuche* of revolution and enhancing its role by giving priority to human- and ideological-remolding programs.

When *chuche* is strengthened and its role enhanced, socialist construction moves forward successfully; when it is not, there will be inevitable stagnation, immobility, turns, twists, and frustrations. These phenomena have occurred in countries once engaged in building socialism; renegades of socialism, taking advantage of

them, staged a "reorganization" farce, committing the counterrevolutionary act of dismantling the socialist economic system itself.

The limitations of the socialist theories put forth by the founders of Marxism are attributable to the very limitations of the materialistic conception of history itself on which they are based. They viewed the social, historical process as a natural historical one and, in developing socialist theories, too, treated material and economic factors as fundamental ones. Meanwhile, renegades of socialism with illusions about capitalism, while advancing theories giving exclusive preference to materialistic and economic interests, carried out vicious maneuvers for the restoration of capitalism.

The dear comrade leader Kim Chong-il has deepened and further developed the philosophical principle of *chuche* and the principle of social history founded by the great leader and, on that basis, elucidated precisely and logically the inevitability of socialism's victory and the way to realize it. This is a great achievement of important significance in the theories and practice of socialism. This brilliant ideological and theoretical achievement has put socialism on an absolutely perfect, scientific foundation for the first time in its history of about one and a half centuries, and the cause of socialism has come to have a guiding principle with which to pull itself out of the temporary confusions of failure and frustration, and move forward vigorously toward great victory.

Thus, the dear comrade leader has systematized socialism as a science to absolute perfection, an event most noteworthy in the 20th century, that has lifted the flow of historical development of our times firmly onto a track leading to the victory of socialism. It is a great achievement forever imperishable in the history of mankind.

The classic work of the dear comrade leader, "Socialism Is Science," indeed represents the highest plane the human, ideological and theoretical wisdom has ever attained. It is an almighty weapon with which people of our times can push forward through any hardships and ordeals ever-victoriously, with their destiny firmly in their hands. The revolutionary people, holding aloft this great banner of victory, are taking the lead in opening up the age of self-reliance. And it is the unanimous resolve and will of all our people to demonstrate their dignity even more powerfully.

South Korea

Results of DPRK-Poland NNSC Confrontation

SK2402014495 Seoul KBS-1 Radio Network in Korean
0100 GMT 24 Feb 95

[FBIS Translated Text] On 24 February, the Ministry of Foreign Affairs issued a statement on the arm-twisting pressure North Korea is applying on the Polish delegation to the Neutral Nations Supervisory Commission [NNSC] to leave the commission. The statement pointed

out that such a scheme to dismantle the Armistice Agreement system threatens the peace and stability of the Korean peninsula.

Foreign Ministry spokesman (Yu Kwang-sok) said: This North Korean action runs counter to the spirit of the South-North basic agreement and of the Armistice Agreement itself. It will not be able to avoid the denunciation of the international community.

Spokesman (Yu) stressed: Despite the attempt by the North Korean side to dismantle the Armistice Agreement system, we will firmly adhere to the existing Armistice Agreement system, until it is replaced by a system of peace.

U.S. Protests Eviction Attempt

*SK2402024795 Seoul YONHAP in English 0228 GMT
24 Feb 95*

[FBIS Transcribed Text] Washington, Feb. 23 (YONHAP)—The U.S. Government strongly protested North Korea's attempt to evict the Polish delegation from the Neutral Nations Supervisory Commission (NNSC) overseeing the Armistice Agreement that ended the Korean war in 1953.

State Department spokeswoman Christine Shelly, in a statement issued Thursday, said Washington had "forcefully told Pyongyang that such an action would be a violation of the Armistice Agreement which has maintained peace on the Korean peninsula for more than 40 years."

The North Koreans have already persuaded the Chinese to recall their delegation from the Military Armistice Commission and are now threatening to evict the Polish NNSC contingent, she noted.

If Pyongyang hopes its attempts to destroy the Armistice Agreement will lead Washington to start bilateral talks on a peace treaty, they are "sorely mistaken," she stressed.

Noting peace on the Korean peninsula is a matter for North and South Korea to settle, she said, however, "the U.S. is willing to assist if both Koreas so desire, but we will not negotiate a bilateral peace accord with the DPRK (North Korea)."

Other Nations Denounce Effort

*SK2402023795 Seoul YONHAP in English 0219 GMT
24 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—South Korea Friday denounced recent efforts by North Korea to expel a Polish military delegation assigned to supervise the Korean Armistice Agreement on the North Korean side of the Demilitarized Zone (DMZ), urging the North to fully observe the agreement by renouncing the threat.

In a joint statement issued Friday by three other members of the Neutral Nations Supervisory Commission (NNSC), Switzerland, Sweden and Poland called for the withdrawal of the North's threat to force out the Polish. Foreign Ministry spokesman Yu Kwang-sok responded by saying that the South Korean Government will continue to observe the Korean Armistice Agreement until it is replaced by a peace regime through direct talks between South and North Korea.

Spokesman Yu also said that the threat by the North to force out the Polish delegation constitutes an apparent violation of the South-North basic agreement which stipulates the two Koreas must honor the Armistice Agreement until they come up with a peace pact.

In a related move, a spokesman for the Polish Embassy here said that the Polish Government has been contacting North Korea for permission to continue their mission as a member of the United Nations Command Military Armistice Commission (UNCMAC), adding that Poland has yet to make final decision on the matter.

Reports from Warsaw, however, said that officials of the Polish Foreign Ministry could not contact the Pyongyang mission there because the North's Embassy there refused to accept a letter from the Polish Government to respond to Pyongyang's request to withdraw the Polish military delegation from the UNCMAC mission.

North Korea early this month notified the Polish Government of its decision to treat the six Polish delegation members in the DMZ as illegal residents beginning Feb. 28, threatening to cut off supplies of food, water and electricity to the delegation stationed in the border with South Korea.

North Korea has yet to name a replacement NNSC delegation for the former Czechoslovakian delegation which was forced to leave the North in 1993.

China also withdrew its delegation to the MAC [Military Armistice Commission] last year apparently out of pressure from Pyongyang which wants to nullify the Armistice Agreement and set up a new peace pact with the United States, disregarding South Korea.

Ministry officials fear that the forced withdrawal of the Polish delegation, if any, could adversely affect the ongoing talks between Pyongyang and Washington on the implementation of the nuclear deal between the two countries.

Polish Diplomat Comments on NNSC

*SK2402030095 Seoul YONHAP in English 0250 GMT
24 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—The Polish contingent of the Neutral Nations Supervisory Commission (NNSC) "will remain in the Demilitarized Zone (DMZ) until it is forced out by North Korea," Councilor Janusz Rydjkowski [as received] at the Polish Embassy here said Friday.

Commenting on a North Korean move to force Poland to withdraw from the NNSC, Rydjkowski said, "The Polish contingent will stay in the DMZ as long as possible to fulfill our mandate of the Korean Military Armistice Agreement."

The NNSC has overseen the truce on the Korean peninsula since the Korean war ended in 1953.

The Polish contingent has recently consulted with its Swiss and Swedish counterparts on how to cope with the North Korean move to oust Poland from the NNSC, the Polish diplomat said.

The Polish contingent will remain in Korea "until the Korean Military Armistice Agreement is replaced by a peace accord or any other agreement sponsored by the United Nations and approved by all parties concerned," he added.

Poland Decides To Withdraw

SK2402061095 Seoul CHUNGANG ILBO in Korean 24 Feb 95 p 1

[By reporter Kim Song-chin]

[FBIS Translated Text] It was learned on 24 February that the Polish Government, pressured by North Korea to withdraw from the Neutral Nations Supervisory Commission [NNSC], informed the ROK Government of its decision to withdraw its six NNSC members from the DMZ and assign them to its embassy in Beijing.

If Poland withdraws from the NNSC following Czechoslovakia, which withdrew from the NNSC in April 1993, the North Korean side to the NNSC will disappear completely, and, as a result, the current armistice mechanism will face a serious crisis.

An ROK Government official said on 24 February: "The Polish Government recently informed the ROK Government that it will recall its NNSC members to Beijing. It explained that it is impossible for it to maintain its NNSC members in areas near the DMZ as North Korea more strongly pressures it to withdraw its NNSC members."

He stressed that "Poland's withdrawal from the NNSC will be taken as a temporary measure considering the situation in the DMZ." However, it is expected that the withdrawal will be permanent as North Korea has no intention to receive the Polish NNSC members again.

Withdrawal 'Will Be Costly'

SK2402073195 Seoul YONHAP in English 0707 GMT 24 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—A forced withdrawal of the Polish delegation to the United Nations supervisory body under the Korean Armistice Agreement will be costly to North Korea diplomatically, said a high-ranking South Korean official Friday.

Assistant Foreign Minister Yi Chae-chun, however, fell short of threatening the North with the possibility of linking the issue with the ongoing Pyongyang-Washington talks for the implementation of the nuclear deal between the two countries.

While briefing reporters on the outcome of the two-day high-level talks between Seoul and Washington represented by Yi and Winston Lord, assistant secretary of state for East Asian and Pacific Affairs, Yi pointed out that the North had to witness the closure of the Czechoslovakian Embassy in Pyongyang and the expulsion of many North Korean diplomats in Prague in the aftermath of the forced withdrawal of the Czechoslovakian delegation to the Neutral Nations Supervisory Commission (NNSC) in 1993.

"North Korea will have to face strong diplomatic reactions from countries concerned if it actually pushes ahead with the plan to expel the Poles because it's in apparent violation of the Armistice Agreement involving the United Nations and 16 countries who took part in the Korean war," said Yi.

Yi and Lord also closely discussed whether or when to resume the annual South Korea-United States joint military exercise this year, said Yi, adding that the government will soon announce its position on the Team Spirit exercise based on the results of the talks with Lord and his entourage.

Yi and Lord agreed during the meeting that North Korea will have to resume inter-Korean dialogue "without any conditions attached" and will have to stop slandering the South if it wants to see the framework agreement on its nuclear program fully implemented, according to Yi.

Yi said that the three prerequisites to the resumption of inter-Korean talks proposed by the North starkly display Pyongyang's reluctance to resume dialogue with the South, urging Pyongyang to shed the conditions.

The three conditions are South Korea's apology for its failure to send a condolence delegation to Kim Il-song's funeral, abolition of the National Security Law and repatriation of long-term prisoners who would not convert from their belief in communism.

During the talks, the two sides also talked about the current economic, political and military situations in the North, reaffirming that the nuclear reactor to be provided to the North should be South Korean standard model reactors and that the improvement in relations between the North and the U.S. should be parallel to improvement in inter-Korean relations.

The U.S. side also repeated that it has no intention of engaging in direct talks with the North on substituting a peace pact for the current cease-fire agreement, said Yi.

Another round of assistant minister-level talks will be held in Washington in March on a broad range of issues concerning the two countries, according to the assistant foreign minister.

Lord, who finished working-level talks for two days, will pay visits to Foreign Minister Kong No-myong and Unification Minister Na Ung-pae in the afternoon and will give a news conference at Kimpo International Airport Saturday morning to wind up his four-day stay here.

Daily Reviews Polish Expulsion

SK2402091495 Seoul CHUNGANG ILBO in Korean 24 Feb 95 p 6

[Article by reporter Kim Song-chin]

[FBIS Translated Text] Under North Korean pressure, Poland has transferred its contingent from the Neutral Nations Supervisory Commission [NNSC] to Beijing. As a result, the function of the Military Armistice Commission [MAC] and the NNSC, the core parts of the Armistice Agreement, is being paralyzed at an accelerated pace.

Although the Polish Government explains that this transfer is tentative since the Polish contingent will not be able to exercise its proper function in Beijing, the Armistice Agreement system is now faced with a grave crisis in North Korea's intention to enervate the MAC.

At the end of the 1980's, in tandem with the collapse of the East European bloc, North Korea began asking Czechoslovakia and Poland, which North Korea had selected as NNSC members, to withdraw their contingents from the NNSC.

Because Poland and Czechoslovakia ended socialism, and because they dispatched observation teams to the Team Spirit exercises, North Korea launched an undisguised offensive to expel these contingents from the NNSC.

In addition, in March 1991, after an ROK Army general was appointed as the senior delegate to the United Nations Command representation to MAC, the question arose as to whether the ROK was a direct party concerned with the Armistice Agreement. Under such circumstances, North Korea issued a strongly-worded denunciatory statement, and has since been absent from MAC conferences.

In particular, when Czechoslovakia was divided into the Czech and Slovak Republics in January 1993, North Korea refused to recognize the Czech Republic's succession to Czechoslovakia's title as an NNSC member. As a result, the Czech contingent withdrew in April 1993.

In April 1994, North Korea unilaterally declared it would withdraw its contingent from the MAC, and unilaterally notified the UNC of its establishment of "the Korean People's Army [KPA] mission to Panmunjom," thereby seeking to achieve direct talks with the United States.

In September 1994, after agreeing to North Korea's request, the PRC summoned its MAC contingent.

Since then, North Korea has been applying visible and invisible pressure on Poland to expel its Polish contingent from the NNSC.

In particular, on 8 February North Korea applied pressure on Poland, asking the latter to withdraw its contingent from Panmunjom within a month, while at the same time notifying the latter that North Korea would discontinue the supply of foodstuffs, electricity, and piped water to the Polish contingent staying in North Korea, regarding them as illegal aliens.

Out of the four NNSC members, at the moment both member countries that North Korea selected have left the North Korean sector, while only Switzerland and Sweden, which the UNC selected, remain in the South's sector.

Clear-cut is North Korea's intention to call for the dismantlement of the MAC and the withdrawal of the NNSC contingents.

North Korea's strategy is to secure a channel of military dialogue with the United States with a view to seeking direct dialogue with the United States, and to eventually mold public opinion in favor of the withdrawal of the U.S. forces from the ROK.

In the future, North Korea will further intensify its efforts to have direct talks with the United States through its KPA mission to Panmunjom, to the exclusion of the ROK.

In addition, it is clear that North Korea will continue its attempt to enervate the Armistice Agreement system, including a request that Switzerland and Sweden should withdraw their contingents from Panmunjom.

From a short-term point of view, it is inevitable for the ROK to oppose the conclusion of the North Korea-U.S. peace agreement, and from a mid- and long-term point of view, to cultivate the independent capabilities of the ROK Armed Forces.

In this connection, some government officials have raised a noteworthy point, saying that in principle our government's basic perception of replacing the Armistice Agreement system with a peace system is correct, but the feasibility of such an idea is questionable. Therefore, it is necessary to work out active countermeasures, such as a pertinent substitute agreement.

In a recently released report, the Institute of Foreign Affairs and National Defense [IFANS], which is under the supervision of the Ministry of Foreign Affairs, stressed: The principle of solving a question between the parties concerned; the stance of advocating the maintenance of the existing Armistice Agreement system until a peace agreement is established; and the principle of making a substantive, gradual, and step-by-step approach to this question all lack persuasive power in view of the recent developments in the situation surrounding the Korean peninsula.

IFANS emphasized: "It is necessary to break away from our existing, too-defensive attitude, and to actively work out a pertinent substitute agreement."

FRG-North Unilateral Ties Would Cause 'Concern'

AU2402131195 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 Feb 95 p 2

[Report by Uwe Schmitt: "Seoul Warns Bonn Against Solo Action in Relations With North Korea"]

[FBIS Translated Text] Seoul, 23 February—South Korea welcomes any German participation in Kedo, the international consortium to finance two light water reactors for Pyongyang. A revaluation of the relations between the FRG and North Korea in a solo action would, however, be watched by Seoul with concern. This view was advocated by South Korean President Kim Yong-sam in an interview in Seoul on 23 February. The 67-year-old president, who assumed his office exactly two years ago, will visit Germany from 5 to 8 March on a trip through Europe. He cannot see any positive changes in the basic positions of Pyongyang, the "least secure and stable regime in the international community," Kim said. Therefore, a one-sided revaluation of the German "representation of interests in the Swedish Embassy" in Pyongyang is not advisable.

South Korea itself, the president said, will not let itself be tempted into a hasty improvement of relations with the North, either. After all, officially it is not even clear whether the country is led by Kim Jong-il. Kim Yong-sam rejected questions about a summit, on which both sides had agreed last July shortly before President Kim Il-sung's death, as premature and moot. The North asked for a postponement of the summit in writing at that time. There is no new offer. Kim said that time is working for Seoul, since the North does not have any other choice but to open up and to change. He knows that some experts and politicians doubt the wisdom of the Geneva agreement, which rewards the freezing of the North Korean nuclear program with the delivery of light water reactors. However, according to Kim, it is a mistake to assume that only Pyongyang has derived advantages from the agreement. South Korea's security partnership with the United States remains solid. Asked whether it would not have been politically smarter to follow President Clinton's example and to send a message of condolence to North Korea after Kim Il-sung's death instead of making any gesture of condolence punishable by law and giving Pyongyang an excuse for a new confrontation, President Kim said: "Kim Il-sung threw the country into a tragic civil war that claimed 6 million lives and left 10 million torn families behind. Once could not have expected sympathy from the Koreans."

Kim Yong-sam is convinced that the obvious comparison with the divided Germany is appropriate only to a certain extent. Even though both countries were divided by foreign powers, there were contacts and exchange

between the two German states right from the beginning. Western media reached the East and, more important than anything else, there never was a bloody civil war. Of course, Seoul is watching the German unification process with special attention. Germany remains Seoul's most important partner for trade and investments from within the European Union. Last year, South Korea achieved a trade volume of \$23.5 billion with the European Union. However, the fact that Korea increased its exports only by 13 percent while the European Union raised its own exports by 30 percent shows that there are still problems with market access—namely for South Korean companies in Europe, as Kim Yong-sam stresses, and not the other way around.

In another context, however, the South Korean president wants to see Germany as an example without any restrictions: "We would wish that, after the war, Japan had been as sincere and honest with us as the Germans." Even in the 50th year after Korea's liberation from Japanese colonial rule, recognizing the historical truth remains the condition for a future-oriented partnership. This he showed by citing the example of the conflict over the so-called "comfort women," Koreans who were forced by the Japanese Army to work as prostitutes. In contrast to his predecessors, he thinks that South Korea could provide financial compensation on its own. However, Japan owes the Koreans recognition of the historical facts. For similar reasons, Kim does not see any need to newly negotiate the 1965 normalization treaty between South Korea and Japan, if Tokyo and Pyongyang were to establish diplomatic relations one day and came to an agreement about reparations. Kim Yong-sam says that the future with Japan is more important than the past under Japanese rule. The same goes for relations with Russia and the PRC: "Today, our neighbors are relying on us and ask us for economic support. We can use our favorable position to play the mediator between all three of them and reduce tensions in the region."

Kim answers questions about the domestic policy balance sheet of his first two years in office partly with confidence and partly with strange evasion. Under his presidency a "political revolution" has taken place, he said. There have been enormous upheavals in the country—from the military to the election law reform to the duty for politicians to reveal their private property. The close symbiosis between business world and politics, even involving the president's "Blue House," has been overcome just as the everyday scenes of demonstrations in South Korea's cities. And what about the trade unions, he is asked, whose political activities are still restricted, and about political prisoners, who have violated the infamous "national security law," under which opposition member Kim Yong-sam himself suffered for decades? As regards the trade unions, Kim Yong-sam is evasive. One sees in Germany's example that even a sophisticated system is burdened with labor conflicts and unemployment. The "national security law," which was toned down two years ago, is indispensable as a legal

minimum for the protection of the country, which lives in "hostile division": "Foreigners who criticize us are often imbalanced, even irresponsible, in their judgment, because they do not even mention the human rights violations in North Korea."

North Explains Delay in Kim Chong-il's Accession

OW2402041795 Tokyo KYODO in English 0357 GMT 24 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 24 KYODO—North Korea has begun a special education program for its citizens at all levels to explain why the country's de facto leader Kim Chong-il's formal rise to power is being delayed, Seoul's North Korean monitoring agency said Friday.

NAEWOE PRESS quoted senior officials of the pro-Pyongyang General Association of Korean Residents in Japan [Chongnyon] as saying that the Central Committee of the Workers Party of Korea has distributed materials entitled, "answers to questions of why a ceremony to officially install comrade Kim Chong-il as new leader has not occurred."

One explanation of the delay given in the materials is that Kim Chong-il himself ordered the official takeover of power not to be hurried because, in accordance with time-honored tradition, an eldest son does not engage in public activity for five years after his father dies, the report said.

The materials also said, "Comrade Kim Chong-il is performing his duties well without being formally installed as new leader," according to the NAEWOE PRESS.

The north's special education program seems to be aimed at controlling any uncertainties or unrest among its citizens over why the younger Kim has not taken over the posts held by late President Kim Il-song, more than seven months after his father's death.

The delay in Kim Chong-il's official ascension to his father's leadership role has spawned speculation that he is faced with opposing forces or he is seriously ill.

*** Businessman Views Expanding Trade With DPRK**

952C0063B Seoul WOLGAN CHUNGANG in Korean Jan 95 pp 263-267

[By reporter Ho Ui-to]

[FBIS Translated Text] Invitation To Visit Najin-Sonbong Area

President Yi Chol-ho of the Sonho (Xianhu in Chinese) Enterprise Group was reading a fax copy transmitted by the Korean Committee for the Promotion of External Economic Cooperation [CPEEC] in Pyongyang when I

called on him at his office in Yanji, China. He is a man of ordinary stature, but looked robust. The large picture of a tiger hanging on the wall seemed to overwhelm the atmosphere of the room.

President Yi said: "The South Korean Government wanted some change in the formalities and demanded a separate note guaranteeing personal safety, aside from the guaranty contained in the letter of invitation. That is why I hastily obtained a separate guarantee from Pyongyang and transmitted the copy to Seoul by fax. But the message from Seoul says it wants the original, not a facsimile. This is holding up the matter all the more."

The written guarantee he showed me reads: "The CPEEC guarantees that the personal safety of Messrs... of South Korea be secured during their visit to the Najin-Sonbong area. November 1994." The names specifically mentioned are the six executives of the following five companies: Haedok Express, Taeho Construction, Hyundai Corporation, Sansu Beverages, and Nam-Sung Corporation. He said, "Demanding the original copy of a written guarantee for personal safety will only get on the nerves of North Korean officials, not to mention complicating things." Ensconcing himself in his seat, Yi Chol-ho said: "I am sorry I tried to avoid giving you an interview although you took a long trip to Yanji to see me. I hope you will understand that I refuse to see any reporter because the nature of my work shuns publicity." In fact, I was on the verge of missing the chance to interview him. First, he avoided making an appointment to see me, saying "I have no time to spare." After futile attempts, I paid a surprise visit and succeeded in meeting him. He works at different offices located in different places, depending on his business at the moment. That is why it was difficult to discover where he was at a particular moment.

Before giving the details of the interview, I would like to introduce him for a moment. The name Yi Chol-ho became known to South Korea for the first time as the person behind the opening of the Pusan-Chongjin container route. No one would believe that he was the man who obtained a 50-year lease on Chongjin East Port... He became the center of attention in September 1994 when he acquired a lease and development right on the Najin-Sonbong area for South Korea's Haedok Express and Taeho Construction.

Yi Chol-ho was born in Jilin Province in 1955. His father was a native of North Hamgyong Province, North Korea. He entered the business world in 1987 by starting an electric wiring and real estate business. He organized the External Economic and Trade Corporation in Jilin Province in 1991 to engage in foreign trade. He also organized Sino-Korean Chongyon Joint Venture Company with North Korea in 1993 to carry out a Chongjin-Hoeryong-Yanji highway expansion project. He integrated seven affiliated companies into the Sonho Enterprise Group in July 1994. Currently, he is engaged in port expansion projects in Chongjin and Najin and the

pavement of the expanded highways under the Najin-Sonbong development program. [The following are the details of the interview.]

Najin-Pusan Sea Route To Open Soon

[Ho Ui-to] When there were active contacts between North and South Korean businessmen in Beijing last November, I presume you were present on those occasions? What happened to the proposal by Haedok Express and Taeho Construction that North Korea permit a fact-finding team of companies interested in making investment in the Najin-Sonbong area to visit North Korea? As far as I knew while in Seoul, nothing came of the proposal.

[Yi Chol-ho] Far from it. I obtained an invitation for the six company executives. But South Korea belatedly demanded that a written guaranty for personal safety be presented, and this is holding up the process. If this deal should prove to be a dud, they would call me a con man.

[Ho Ui-to] Well, many raise an objection to your claim that you have an exclusive right to develop the Najin-Sonbong area and Chongjin East Port. CPEEC Chairman Kim Chong-u also clarified the issue by saying Sonho Enterprise is not the only firm that has usage rights. What is the real story?

[Yi Chol-ho] It is impossible to develop and lease the vast 746 square kilometer Najin-Sonbong area with a single company. Reports about the exclusive right to develop are false. But clearly, Sonho Enterprise has the exclusive lease on Chongjin East Port. Whoever wishing to use the East Port needs to get permission from Sonho Enterprise.

[Ho Ui-to] Did the dispute with Yanbian Shipping Co. originate in the exclusive right issue?

[Yi Chol-ho] In the past there was a misunderstanding and dispute between me and Chon Yong-man, president of Yanbian Shipping Co. That is why vicious rumors circulated. But since two of us came to terms with each other and agreed to cooperate, things have been proceeding smoothly. I understand that Yanbian Shipping Co. will soon put ships in service on the Najin-Sokcho-Pusan route.

[Ho Ui-to] What is the outlook for the development of the Najin-Sonbong area in which you are deeply involved? It seems that many consider the surrounding investment conditions very poor.

[Yi Chol-ho] Some shook their heads after surveying the area, saying "What can you do in this barren land?" But they know little. Shenzhen in Guangdong Province, let alone Tianjin, Dalian, Qingdao where fine industrial complexes are located, were waste land in the early stage. By the same token, the Najin-Sonbong area awaits development and investment.

I hear that even large first-rate South Korean corporations are skeptical. They first proposed to invest \$1

billion or \$3 billion, but nothing has happened so far. They have lost their credibility. Aside from special considerations, such as that the North and South are of the same nation and people, the outlook for the Najin-Sonbong area is excellent. South Korean firms will come to realize it, although they are marking time by attaching various conditions to their proposals.

Chongjin-Yanji Road Pavement Cost Recoverable in One Year

While visiting Hunchun and Fangchen to gather news materials, I noticed many ominous factors for the Najin-Sonbong area. When travel opens between China and Russia through the Changyongja Customs Office in the Chinese frontier trade zone on the Hunchun side on 6 December 1994, and the railway line linking Hunchun to Zarubino, a Far Eastern Russian port, opens in early 1995, China will see no particular need to seek an exit port in the Najin-Sonbong area.

[Yi Chol-ho] Of course, that aspect cannot be denied. But why do you think Russia is taking the trouble of developing two of the three wharfs in Najin Port. Najin and Sonbong, being natural ice-free ports, are beyond comparison with Zarubino Port. We often hear voices calling for the development of Fangchen Port by taking advantage of the UN Development Program (UNDP). In addition to the difficulty in raising \$30 billion needed to develop the port, North Korea does not recognize the Chinese exit right to the sea through the Tumen River estuary from Fangchen. That is why it is difficult to put the plan into execution.

[Ho Ui-to] According to a senior officer of the Hunchun People's Committee, China had the exit right beginning way back in the Qing dynasty, the right was recognized at a conference in 1992 attended by Russian and North Korean representatives.

[Yi Chol-ho] As far as I know, North Korea did not recognize it. I don't think the matter will be settled easily because it involves national sovereignty.

[Ho Ui-to] It was in July, I think, that the roadbed construction project for the Chongjin-Hoeryong-Yanji highway was completed mainly by Sonho Enterprise. I drove on the highway en route to Longjing. What do you think of the results compared with the huge cost? How far has the paving project progressed?

ADKNI Not Contact Point for Najin-Sonbong Project

[Yi Chol-ho] I don't want to think about the money I have put in so far. As much as \$5 million is needed to cover the cost of concrete pavement, and we are definitely short of financial resources. But once we secure sources of investment and an investment is made, the recovery of the investment will be a matter of time. To begin with, Sonho Enterprise is to take a 70-percent cut from the tolls collected. The tax is to be levied on the 30 percent of the toll income earned by the North Korean partner. On top of that, Sonho Enterprise is granted

trade preferences and the right to operate a trucking service consisting of 500 trucks. We expect to have an enormous amount of supplemental earnings. According to our feasibility survey, the investment is recoverable within a year.

[Ho Ui-to] There are some vicious rumors that Sonho Enterprise is a paper company with no substance. Which of your companies are making money?

[Yi Chol-ho] I have heard of the rumor. I have five or six profitable companies, including Yanji External Economic and Trade Corporation, Changchun External Trade Corporation, Yanji Corporation, and Chongjin Restaurant. True, the earnings are down. The volume of trade dropped from the peak of 200 million yuan in 1993 to 60 million yuan in 1994. This was due to the general economic slump in China, but our record was much better than those of other enterprises. We fulfilled about approximately 60 percent of the government-assigned goals compared with the average rate of fulfillment of 30 to 40 percent.

[Ho Ui-to] Where does your influence over North Korea originate? South Korean firms were at first suspicious of you, but as you produced some results, they suddenly began to reappraise your ability. Some say that your aunt is a high-ranking North Korean official.

[Yi Chol-ho] The trust I built while conducting trade with North Korea has been recognized. The source of my influence may be traced back to my reports submitted to President Kim Il-song in July, August, and September 1994, as well as President Kim's instructions and favors. The main substance of my reports concerned arrangements for South Korean businesses to operate in the North. I hope that the 10 top South Korean corporations will make arrangements for economic cooperation with North Korea on their own. Sonho Enterprise will try to find a way for the rest of the companies which have no channel of contact.

[Ho Ui-to] Some say that with the reorganization of the Koryo National Industry Development Association [Kominbal], the Kominbal has become the sole contact point on the North Korean side for economic cooperation with the South. This means that the CPEEC with which you have maintained a connection, is no longer a direct contact point in North-South economic cooperation. How do you react to this?

[Yi Chol-ho] I think it is impossible to have only one contact point in carrying out economic cooperation with a large number of countries. That is why people pay so much attention to the letter of invitation just issued by the CPEEC.

[Ho Ui-to] I would like to ask you an awkward question. You know the Korea Trade Promotion Corporation (KOTRA), of course. I understand you played an intermediary role for KOTRA in its effort to set up trade

centers in Pyongyang and the Sonbong-Najin area. Could you give the details of your role?

[Yi Chol-ho] (He begins talking after a considerable pause) To tell the truth, I had the greatest trial in my life. CPEEC officials almost regarded me as a South Korean spy. I was on the verge of losing my business rights. I took up the role unaware of the possible consequences, and I ventured to conduct negotiations to the great detriment of my own interest.

When I first met a certain KOTRA official in August 1994, he asked me to act as an intermediary for the aforementioned plan. I entered North Korea last October to breach the subject. The concerned officials told me: This is the time for private enterprises to come in; do not bring up the matter at this stage. Do not make haste to cooperate with a half-government, half-private entity. This applies not only with regard to Pyongyang but also with regard to the Najin-Sonbong area. It will be long before the door opens for South Korean private enterprises to make investment in Pyongyang.

[Ho Ui-to] In your view, what is the 1995 economic outlook of North Korea? And what should the desirable direction for North-South economic cooperation be?

[Yi Chol-ho] I am not in a position to give my piffling opinion on such grand matters. Nevertheless I like to say just one thing, that is, that the problems must be resolved smoothly. I have something to say to the South Korean side, but they would not listen. I like to spare my answer lest there should be any misunderstanding. [End of interview]

Thereupon Yi Chol-ho hurriedly rose from his seat saying he has another appointment. Some idea must have struck upon him, for he produced another name card, which read "Yi Chol-ho, chairman of the board of directors, Sino-Korean Chongyon Joint Venture Company." He explained that the word Chongyon comes from the first characters of Chongjin and Yanji. The parting words this businessman of Korean ancestry gave as he was leaving to meet someone to connect South Korean enterprises to the development of Chongjin, Najin, and Sonbong, were: "Don't skew your report too much, but convey my words straightforwardly so that there may be no room for misunderstanding."

Lord Discusses Nuclear Agreement With Na Ung-pae

*SK2402114895 Seoul YONHAP in English 1143 GMT
24 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—Deputy Prime Minister Na Ung-pae on Friday afternoon met visiting U.S. Assistant Secretary of State Winston Lord and exchanged opinions on matters of mutual concern including the issue of implementing the U.S.-North Korea agreement.

During the meeting, Na said there will be a progress in inter-Korean and U.S.-North Korea relations only when dialogue takes place between the two Koreas.

Na, who is concurrent national unification minister, also said that the light-water reactors to be provided to North Korea should always be a South Korean model.

"Besides, South Korea's central role should be ensured in the course of carrying out the reactor project," Na was quoted as saying by Unification Board Spokesman Kim Kyong-ung.

Assistant Secretary Lord made it clear that South Korea cannot be alienated from the implementation of the nuclear agreement, and expressed the view that the complete fulfillment of the Geneva agreement would contribute to peace and stability on the Korean peninsula.

Winston Lord's Visit, U.S. 'Attitude' Viewed SK2402053495

[FBIS Editorial Report] The following is a compilation of two editorials carried in the ROK vernacular daily newspapers on 24 February dealing with the U.S. attitude toward the question of supplying light-water reactors to North Korea and with the visit to the ROK by Winston Lord, U.S. Assistant Secretary of State for East Asian and Pacific affairs.

The moderate HANGUK ILBO carries, on page 3, an 800-word editorial entitled "An Ambiguous U.S. Attitude," which stresses that the United States' increasingly ambiguous attitude toward the role the ROK is supposed to play in the construction of an atomic power plant for North Korea, which will be equipped with light-water reactors, is 'unwelcome' [tamtakchiga anta]. While noting that since the Geneva talks were held and up until recently, U.S. officials, including Secretary of State Christopher and Assistant Secretary of State Gallucci, have stressed to North Korea the need to accept ROK-style reactors and South-North dialogue, the editorial adds that Assistant Secretary Lord's visit to the ROK is reportedly aimed at trying to persuade the ROK concerning the U.S. idea to put forth a new compromise plan on the reactors.

With regard to such a compromise plan, the editorial reviews news reports which say: "The name of ROK-type reactors will not be specified in the contract on the supply of light-water reactors. Instead, Westinghouse will be the principal contractor while the ROK will play a central role. The reactors will be built in the ROK on an OEM [original equipment manufacturing] basis, but they will be supplied with the U.S. brand name. For this, the United States is even training about 300 engineers who will go to North Korea to supervise the reactors construction."

The editorial goes on to say that THE WALL STREET JOURNAL has further surprised the ROK by reporting:

"There is even a plan being studied now to have the U.S. Government or the consortium for the construction of light-water reactors play a symbolic role as the supervisor of the construction, while having the ROK play the role of a major sub-contractor."

The editorial says: "Just because North Korea rejected ROK-style reactors at the two rounds of expert-level talks and because North Korea has issued a statement threatening to scrap the agreement, the United States is seemingly trying not to abide by the ROK-U.S. agreement in order to appease North Korea. This is unforgivable."

The editorial advises the ROK Government to make sure that even if the name of ROK-style reactors is not adopted, the basic principle of the ROK being the leader in the reactors construction is maintained; and to persuade the United States not to be entangled in North Korea's strategy. In conclusion, the editorial says: "We cannot tolerate the situation if we cannot send a single construction engineer to North Korea, and, on the contrary, are forced to manufacture and supply some equipment parts for North Korea even though we are supposed to foot the bill amounting to a huge amount of money. By all means, the government should officially declare to Assistant Secretary Lord and to the inaugural meeting of KEDO [Korea Energy Development Organization] that if placed under these circumstances, the ROK citizens will not allow a single penny from their taxes be used for that purpose."

The pro-government SEOUL SINMUN also carries, on page 3, a 600-word editorial entitled "Why Is the United States Trying To Persuade Us?" which deals with the visit to the ROK by Assistant Secretary Lord. Saying that "we have mixed feelings about seeing him come to the ROK, because, as U.S. newspapers have pointed out, we have the misgivings that he is coming to urge the ROK to make additional concessions." The editorial observes that "the United States wants the ROK to understand that it has become inevitable for the United States and North Korea to establish liaison offices in Pyongyang and Washington, whether or not there is any progress in the South-North dialogue; and that it has become difficult to give the name of ROK-style reactors to the light-water reactors for North Korea, because of North Korea's opposition."

The editorial stresses that it is irrational for the United States to persuade the ROK to make concessions only because North Korea is continuously sticking to its stance of trying to reject ROK-style reactors. The editorial also expresses its concerns that "the U.S. negotiation style of remaining continuously on the defensive in the face of North Korea's diplomatic style of resorting to extremism might harm the traditional ROK-U.S. relations or the U.S.-Japanese relations," adding that this is North Korea's intention.

The editorial concludes by asking the United States not to try to persuade the ROK, but, first of all, try to make North Korea keep its promise.

Four-Man DPRK Delegation Arrives in New York*SK2402004695 Seoul YONHAP in English 0029 GMT
24 Feb 95*

[FBIS Transcribed Text] New York, Feb. 23 (YONHAP)—A four-man North Korean delegation, led by Asia-Pacific Peace Committee Vice Chairman Yi Chong-hyok, arrived in New York Wednesday for a two-week U.S. visit.

The delegation, including Chon Kyong-nam, vice chairman of the Korean Committee for Aiding Overseas Compatriots, Choe Song-chol, a member of the compatriots committee, and Kim Chol, a researcher of the Asia-Pacific Peace Committee, as well as the leader Yi, came to the United States invited by a recently formed private U.S. organization dubbed "Center for Correctly Understanding North Korea."

A leader of the center said, "the North Korean delegation has been invited to visit the United States in return for the Asia-Pacific Peace Committee's invitation of us to North Korea in August last year."

Following contacts with Korean residents in New York and Washington until Saturday, the delegation is scheduled to hold a "Seminar To Correctly Understand North Korea" and to host dinners for Korean residents in Virginia City, Chicago and Los Angeles until next Monday. From Feb. 28 to March 2, the North Koreans are reportedly scheduled to visit the Carter Center and CNN headquarters in Atlanta. The team is to leave the United States on March 7.

As Vice Chairman Chon Kyong-nam is included in the delegation, the group's U.S. visit appears to be aimed at reading the atmosphere of the Korean community here and at laying the groundwork for establishing themselves in the community, prior to Pyongyang's opening of a liaison office in Washington and its establishment of diplomatic relations with the United States.

U.S. Army Apologizes for Actions Against Women*SK2402122995 Seoul YONHAP in English 1208 GMT
24 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 24 (YONHAP)—Eighth U.S. Army authorities have recently sent a message to the Justice Ministry in which they conceded that the action taken by U.S. Military Police [MP] against a Korean woman and her daughter last October was not proper.

A Justice Ministry source said Friday [24 February] the U.S.-side chairman of the Criminal Jurisdictional Subcommittee of the Joint Korea-U.S. Committee offered an apology in the Feb. 16th message, saying they would take steps to prevent the recurrence of similar incidents.

The incident dates back to the night of last Oct. 25 when Mrs. Kim Kum-song, age 67, and her daughter, Sol

Un-chu, 29, were leaving the Hannam Village carrying rice and beef in their possession.

They were checked by two U.S. Military Policemen who, mistaking them for illegal P.X. goods dealers, forcibly carried them to an MP unit and allegedly assaulted the handcuffed couple for five hours.

The Seoul District Prosecutor's Office, acting on a complaint by the victims, summoned the two M.P.'s involved. But, the U.S. military rejected the summons on the ground that their act was "proper."

A prosecution official said the U.S. military's apology is a very encouraging thing. "We will have another round of talks for the summoning of the M.P.'s apart from their apology," he said.

PRC Premier Li Stresses Industrial Cooperation*SK2402150495 Seoul KBS-1 Radio Network in Korean
1432 GMT 24 Feb 95*

[FBIS Translated Text] In an exclusive interview with KBS today, PRC Premier Li Peng stated that he is very interested in industrial cooperation, especially in joint production of (?medium-sized airplanes). In an exclusive interview with KBS at [word indistinct] where the premier's office is located, Premier Li Peng stated that ROK-PRC cooperation in the production of (?medium-sized airplanes) is very brisk, and that such relations of cooperation can be developed in various areas such as politics, culture, and environmental protection.

The details of the interview with Premier Li Peng will be carried by the KBS-1 Television New Plaza Program, which will be aired at 0700 [2200 GMT] on 25 February.

Japan's Joint Staff Council Chief Arrives*SK2302051395 Seoul YONHAP in English 0459 GMT
23 Feb 95*

[FBIS Transcribed Text] Seoul, Feb. 23 (YONHAP)—Japan's joint staff council chief Gen. Tetsuya Nishimoto arrived in Seoul Thursday for a four-day official visit at the invitation of his South Korean counterpart Gen. Kim Tong-chin, the joint chiefs of staff announced Thursday.

Gen. Nishimoto is scheduled to call on Defense Minister Yi Yang-ho Thursday afternoon to exchange views on the security situation in northeast Asia and on the Korean peninsula. They will also discuss ways of promoting military personnel exchanges and military cooperation between the two neighbors.

Their discussions will include the exchange visits of warships and the trading of military aircraft flight schedules of the two countries to prevent accidental collisions, according to military sources.

Agrees on Defense Staff Exchanges*OW2402124595 Tokyo ASAHI SHIMBUN in Japanese
24 Feb 95 Morning Edition p 3*

[By Tsutomu Watanabe]

[FBIS Translated Text] Tetsuya Nishimoto, chairman of the Joint Staff Council, who had been visiting China, made an official visit to the ROK on 23 February and held meetings one after another with Yi Yang-ho, minister of national defense; and Kim Tong-chin, chairman of the Joint General Staff Office [JGSO]. They agreed to further activate personnel exchanges between South Korean and Japanese defense authorities. It seems that dialogue between Japan, which promotes multilateral security policies, and the ROK, which is trying to foster reliable relations with its neighboring countries, on security matters will gradually become more important than before.

According to a reporter who attended the meetings, Nishimoto at his meeting with Defense Minister Yi confirmed, among other things: 1) the signing of an accord for the prevention of collisions between military aircraft; 2) mutual visits by naval training ships; and 3) a plan to invite JGSO Chairman Kim Tong-chin to Japan. Reportedly, Nishimoto and Yi agreed to study new methods of cooperation between troops of both countries during sea rescues.

Moreover, Nishimoto and Chairman Kim at their meeting exchanged information primarily on the military situation involving the DPRK (North Korea). Although a freeze was imposed on North Korean nuclear weapons development following the conclusion of the U.S.-DPRK agreement, no change has been made regarding the status of North Korea's conventional weapons. It is said that Nishimoto and Kim shared the same view that Japan and the ROK will continue to keep an eye on North Korea.

During the Cold War era, both Japan and the ROK solely relied on their security ties with the United States. After the United States reviewed its Asian policies and other matters, however, Japan and the ROK were forced to seek new security policies.

Due to the ROK's strong precaution toward Japan, dialogue on security issues had been stagnant between the two countries. However, they started to have full-scale discussions on security issues when (former) Defense Minister Yi Pyong-tae visited Japan last April.

At his meeting with Kazuo Aichi, (former) director general of the Defense Agency [DA], the former defense minister agreed to promote personnel exchanges between Japanese and South Korean officials in charge of defense policies and to realize mutual visits by training ships of both countries. In November last year, Japanese defense councilors visited the ROK. In December, South Korean Navy training ships made their first goodwill visit to Japan. Training ships of Japan's Maritime Self-Defense Force are planning to make a port call in the ROK in 1996.

After visiting the 6th Division of the South Korean Army and Panmunjom, Nishimoto will come back home on 26 February.

Seoul, Tel Aviv Exchange Note on Waiving Visas
SK2302080095 Seoul YONHAP in English 0651 GMT 23 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 23 (YONHAP)—South Korea and Israel exchanged Thursday [23 February] a diplomatic note on the waiver of the visa requirement which allows people of one country to stay in the other for up to 90 days without a visa from May 24, according to the Ministry of Foreign Affairs.

Foreign Minister Kong No-myong and Israeli Ambassador to Korea Asher Naim exchanged the note on the waiver of visa requirements between the government of the Republic of Korea and the government of the State of Israel, said ministry officials.

South Korean passport holders or those with passports issued by the Israeli Government who want to stay in the other country for over 90 days are required to obtain entry visas before coming into the country, said the officials.

The note also permits foreign service officials assigned to each of the countries and their dependents to stay in the other country with no visas during their tenure, said the officials.

Easing of Controls on Overseas Investments Viewed

SK2402034495 Seoul THE KOREA HERALD in English (Supplement) 24 Feb 95 p 3

[FBIS Transcribed Text] The present quasipositive system will be liberalized in a system which is closer to a fully negative system.

Overseas direct investment

Currently, overseas direct investment has been liberalized except in 14 designated industries. Also, investment which exceeds \$10 million is subject to the approval of the Bank of Korea.

In 1995, the number of restricted industries will be lowered, while the investment cap will be raised to \$30 million. During the second stage, all overseas direct investment in nonfinancial sectors will be liberalized and the approval system will be abolished.

In the first stage, nonfinancial institutions will also be allowed to invest in financial sectors overseas if the investment is confined to areas directly related to their businesses. Restrictions will be eased in the subsequent states.

Portfolio investment by nonresidents

Currently, stock investment by nonresidents (A resident is a person who has a domicile or residence in Korea or a judicial person who has a registered office in Korea. A

nonresident refers to all other persons) is limited to 12 percent of the total shares issued and 3 percent for individuals.

In the first stage, the ceiling on total shares issued will be raised to 15 percent. And in the case of bond investment, indirect investment will be allowed through funds.

During the second state, the ceiling on stock investment will be raised and nonresidents will be allowed to invest in nonguaranteed, long-term bonds issued by SMEs. During the third state, the stock investment ceiling will be raised further or abolished, depending on economic situations. Nonresidents will be allowed to invest in nonguaranteed, long-term bonds within specified limits.

Overseas operation of assets by residents

Overseas portfolio investment: Currently, institutional investors, except short-term finance companies and pension funds, can invest in overseas securities without any limit. Short-term finance companies and pension funds can only invest up to \$100 million each. Noninstitutional investors can invest in overseas securities within a limit of 100 million won for individuals and 300 million won for firms.

In 1995, investment in all foreign securities by all institutional investors will be liberalized. For noninstitutional investors, the current limit of 100 million won applied to individuals and 300 million won applied to firms will be raised to 500 million won and 1 billion won, respectively. During the second stage, overseas portfolio investment by noninstitutional investors will also be fully liberalized.

Overseas deposits: Making overseas deposits for the purpose of asset management is currently prohibited. In 1995, overseas deposits under \$100 million, in the case of institutional investors, or \$1 million, in the case of other firms, will be liberalized.

For institutional investors, all overseas deposits will be liberalize in the second stage. For other firms, the deposit cap will be raised during the second stage and abolished during the third stage.

For individuals, overseas deposits which do not exceed \$30,000 will be liberalized in 1995. This upper limit will be raised incrementally in the second and third stages. Individuals, unlike other institutions, can use overseas deposits as a means to pay for goods and services.

Extending credit to overseas nonresidents

Currently, residents except banks cannot extend credit to nonresidents for the purpose of asset management. In 1995, institutional investors will be allowed to extend up to \$10 million in credit to overseas nonresidents, regardless of how the credit will be used.

The corresponding limit for firms will be \$300,000. During both the second and third stages, the respective

ceilings will be raised further. In the third stage, individuals will also be allowed to extend credit to overseas nonresidents on a limited basis.

Overseas real estate investment

Currently, residents can only purchase real estate overseas if the purchase is directly related to their overseas direct investment activities. The purchase of overseas real estate for asset management is allowed only to institutional investors and general trading companies.

Institutional investors, except pension funds, can invest in real estate without restrictions. Pension funds face a ceiling of \$50 million. General trading companies can invest up to \$100 million or 10 percent of the value of its export volume of the previous year, whichever is smaller. Individuals can purchase up to \$300,000 in residential property if they are dispatched to overseas offices for more than three years.

In the first and second stages, more types of companies will be allowed to invest in real estate for the purpose of asset management. For individuals, the purchase of residential housing will be liberalized up to \$300,000 in the first stage. This limit will be raised further in the second stage. During the third stage, all real estate investment by firms will be liberalized. Also during the third stage, all real estate investment by individuals will be allowed up to a specified limit.

The overseas issuance of securities by residents and the issuance of securities in Korea by nonresidents

The issuance of securities by nonresidents in Korea: Currently, nonresidents are prohibited from issuing securities domestically. In 1995, the issuance of stocks and equity-linked bonds by nonresidents will be liberalized. The issuance of won-denominated bonds by international organizations will also be liberalized. In the second state, the issuance of won-denominated bonds by foreign- companies will be liberalized.

In the third stage, the issuance of foreign-currency denominated bonds in Korea by international organizations and foreign companies will be liberalized. The terms of issuance will be stipulated in securities-related laws.

The overseas issuance of foreign-currency denominated securities by residents: Currently, residents can issue foreign-currency denominated securities overseas, subject to annual issuance ceilings on total issuance.

In 1995, this issuance ceiling will be raised, while during the second stage, it will be removed for equity-linked bonds. In the third stage, it will be removed for all foreign-currency denominated securities.

The issuance of foreign-currency denominated securities in Korea by residents: Currently, residents cannot issue foreign-currency denominated securities in Korea. By the third stage, these restrictions will be abolished.

Loans and guarantees

Commercial loans: Commercial loans are defined as overseas borrowing which exceed \$1 million and which have maturities of over three years. Currently, commercial borrowing is only allowed to selected public enterprises and these companies must utilize the borrowed funds to import capital goods.

In the first stage, foreign-invested firms which have high-technology, firms engaged in social overhead capital (SOC) projects, SMEs, and domestic firms designated as advanced technology firms will be allowed to borrow limitedly from overseas.

During the second stage, all firms will be allowed to do so within a certain limit, and in the case of SMEs, without any limit. During the third stage, all overseas borrowing for the purpose of importing capital goods will be liberalized.

Spot financing for overseas use: Currently, spot financing for overseas use is allowed without limit, but for limited fund purposes. During the first half of 1996, restrictions specifying how the funds raised from spot financing must be used will be abolished, except for those prohibiting business activities which are contrary to the maintenance of good international relations and public order.

Guarantees and sureties: Currently, foreign exchange banks are free to make guarantees to or take collateral from nonresidents. Other residents, however, need to obtain the approval of the Bank of Korea or the validation of foreign exchange banks to do so.

Guarantees or sureties offered by nonresidents to domestic firms under \$1 million will be liberalized during the first stage and this ceiling will be raised during the second stage. During the third stage, guarantees and sureties will be fully liberalized.

Guarantees or sureties offered by nonbank financial institutions to nonresidents will be liberalized without limit in the first stage. Those offered by firms to nonresidents will be liberalized within a specified limit during the second stage.

Guarantees or sureties between domestic individuals and nonresidents will be liberalized within a specified limit during the third stage.

Reform of the foreign exchange market structure

With fuller liberalization, the amount of foreign exchange flowing in and out of the Korean economy will increase dramatically.

For the successful reform, the government plans to modernize the domestic foreign exchange market structure so that it can better accommodate the increasing flow of foreign exchange.

Exchange rate system: Currently, the exchange rate is determined through a market average exchange rate system, in which the foreign exchange rate is floated within a band set around the weighted average of the previous day's foreign exchange transactions. On Nov. 1, 1994, this band was widened from 1.0 percent to 1.5 percent.

We will review a plan to widen the band in 1995 and to move to a floating rate system similar to that of the advanced countries during the second stage. The "present value, next day settlement system" will also be changed to "the value sport system" in 1995.

The foreign exchange bank system: Nonbank financial institutions will be gradually allowed to engage in foreign exchange business conducted to serve their clients in making foreign exchange transactions and which are closely linked to their indigenous businesses.

During the first stage, securities companies will be allowed to do money exchange businesses related to foreign stock investment in the domestic market. Also during the first stage, the establishment of money exchangers will be liberalized by adopting the notification system.

In the second and third stages, nonbank financial institutions will be allowed to engage in foreign exchange businesses conducted to serve their clients in conducting transactions involving foreign exchange and which are closely linked to their indigenous businesses. "Indigenous businesses" will be defined in accordance with the overall readjustment of business boundaries between financial institutions.

The foreign exchange position management

The ceiling on overall overbought, overall oversold, and sport exchange oversold position will be raised in steps. In the third stage, the sport oversold position limit will be increased substantially or abolished depending on how close Korea has moved toward a free floating system and how much the interest rate gap between domestic and foreign rates has been closed.

The underlying documentation system

The underlying documentation requirement will be streamlined in 1995. And in 1996, the remaining documentation requirement will be abolished. However, the real demand principle will be maintained.

The foreign exchange concentration system

In 1995, the foreign exchange concentration system will be suspended, and residents will be allowed to hold foreign currency without having to register it in banks. Individuals will be allowed to purchase up to \$10,000 in foreign currency per year in the form of cash. Also, the possibility of allowing common transactions to be conducted in foreign currency in the domestic market will be reviewed.

External credit collection requirement

Currently, the government requires that credit held overseas by Korean residents be collected and be brought back into Korea within 180 days if the value of the credit exceeds \$20,000. During the first stage, this exemption ceiling will be raised from \$20,000 to \$30,000.

However, trading companies engaged in export and import activities can currently hold up to \$300 million or 30 percent of their annual trading volume, whichever is smaller, in an overseas deposit account.

During the first stage, the types of firms allowed to retain overseas deposits will be expanded from companies whose annual trading volume exceeds \$10 million to \$5 million.

Kim Won-ki Delivers Speech at National Assembly

SK2302082495 Seoul YONHAP in English 0705 GMT
23 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 23 (YONHAP)—The major opposition Democratic Party (DP) Thursday [23 February] called for President Kim Yong-sam to reveal his stand on the ruling party's moves to revise the local autonomy laws.

DP Supreme Councilor Kim Won-ki made the demand in a keynote speech at the National Assembly plenary session Thursday morning, charging that the ruling Democratic Liberal Party (DLP), "realizing its disadvantages in the forthcoming elections, is attempting to either postpone the local elections or to insubstantiate the contents of the elections."

Rep. Kim delivered the DP keynote address in the place of party Chairman Yi Ki-taek who has submitted his resignation to the National Assembly.

Kim flatly rejected the DLP's call to form a panel in the National Assembly to study proposed revisions to the local autonomy laws, on the grounds that the suggested revisions do not warrant bipartisan negotiations.

The government party Wednesday suggested that the local administrative districts should be rezoned, that the current three-tier local administration structure should be reduced, that the powers of special cities, large cities and ku (ward) offices and councils should be curtailed, and political parties should be banned from fielding candidates for heads and councilmen of counties, cities and wards.

If and when the administration puts off the local elections or attempts to distort its contents unilaterally or through illegal means, the opposition leader said, the country's politics will be driven into catastrophe. He then threatened, "such an eventuality cannot but lead to a regime-toppling campaign."

Urging a probe into the intervention in elections by the Home Ministry and the Agency for National Security Planning (NSP), Rep. Kim disclosed that the opposition party, invoking the parliamentary right of investigation, will demand a hearing on all officials involved with the Kyonggi provincial government and the NSP.

Kim also called upon the administration to reveal the truth about the suppression of the May 18, 1980 Kwangju uprising for democracy and to take steps to restore the honor of victims in the uprising.

With respect to the administration's proposed revision to the Bank of Korea Law, Kim demanded a reconsideration of the revision, criticizing that the proposed revision represents a retreat in guaranteeing the independence of the central bank.

Kim also asked for either a repeal of the National Security Law or its replacement by a "democratic order protection law."

New Assembly Unification Committee Head Named

SK2402020895 Seoul THE KOREA TIMES in English
24 Feb 95 p 2

[FBIS Transcribed Text] Rep. O Se-ung, a six-term lawmaker from Songnam, Kyonggi Province, was named chairman of the National Assembly Foreign Affairs-Unification Committee, Rep. Pak Pom-chin, spokesman of the ruling Democratic Liberal Party, announced yesterday.

A native of Haeju, Hwanghae Province, now in North Korea, O served as a state minister for political affairs and chairman of the Assembly Culture-Information Committee. O, fluent in English and French, was a member of the executive committee of the International Parliamentary Union (IPU).

O, 62, graduated from Yonsei University and earned his doctorate in political science at American University. He also briefly worked as an announcer at Voice of America.

Offered Plan Makes BOK Independent of Seoul

SK2002031095 Seoul YONHAP in English 0249 GMT
20 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 20 (YONHAP)—The government is studying a plan to separate the Bank of Korea [BOK] from the government by making the Monetary Board chairman govern the central bank and merging the existing three financial supervisory agencies into a single united one, according to the Finance and Economy Ministry.

The three agencies are the Office Bank Supervisory Board, the Securities Supervisory Board and the Insurance Supervisory Board.

The plan calls for scrapping the posts of Bank of Korea governor and three supervisory agency heads.

The monetary board chairman will be appointed by the president with the parliament's consent at the prime minister's recommendation.

Details of the plan will be announced by Finance and Economy Minister Hong Chae-hyong after President Kim Yong-sam's approval Monday [20 February] afternoon.

BOK Opposes Proposed Bill on Law

SK2302120795 Seoul THE KOREA HERALD in English 23 Feb 95 p 8

[FBIS Transcribed Text] The Bank of Korea (BOK) expressed its official opposition to the government-proposed draft bill on the central bank law yesterday, turning up the heat on the government.

Pointing out that the revision bill put forward by the Ministry of Finance and Economy Monday [20 February] is problematic, a senior BOK official challenged the ministry's motive for rewriting the law.

"The goal of amending the law is to give the central bank independence and empower it to attain the ultimate goal of price stability," Kim Yong-tae, a BOK assistant governor, said yesterday. "The revision bill, however, doesn't serve that purpose."

If the bill is passed as proposed, the central bank will be relegated to an agency of the ministry and will find it more difficult to conduct monetary policy independent of the government, he said.

Kim based his remarks on the composition of the policy-setting Monetary Board of Korea. If the board is organized according to the draft bill, the board will be 100 percent under bank may supervise and monitor banks to conduct monetary policy more effectively, he said [sentence as received].

The draft bill stipulates that the chairman of the board double as the governor of the central bank. The chairman will be appointed by the president at the recommendation of the minister of finance and economy and six out of the nine board members will represent government agencies.

Kim also called into question the proposed separation of the Office of Bank Supervision (OBS) from the central bank. The bank watchdog should remain under the BOK so that the central bank may supervise and monitor banks to conduct monetary policy more effectively, he said.

The separation of the bank watchdog would clip the wings of the central bank, Kim charged, adding that advanced countries are increasingly giving the authority of supervising banks to the central bank.

Under the revision bill, the OBS will be separated from the BOK and merged into a new regulatory body which

will supervise the three main financial sectors of banking, insurance and securities.

Meanwhile, a group of BOK's department heads demanded in a statement yesterday that the government should come up with a new revision bill on the central bank law after hearing opinions from all walks of life.

In a related development, more than 1,000 union employees of the BOK held a rally in protest of the draft bill at the central bank yesterday, resolving that "they will fight to the last to achieve central bank independence."

Domestic Banks' Productivity 'Lags Far Behind'

SK2202043695 Seoul THE KOREA HERALD in English 22 Feb 95 p 8

[FBIS Transcribed Text] Despite all-out efforts by Korea's commercial banks to streamline their management, which have lasted for the past four years, the productivity of domestic banks still lags far behind that of those in advanced countries.

After-tax net profits earned by a single bank official in South Korea surged by 53.3 percent from 7.5 million won (some \$9,375) in 1990 to 11.5 million won (\$14,375) in 1994 on the average mainly thanks to the management rationalization drive strongly pushed by commercial banks.

But, the figure still remains poor, compared with the after-tax profits of 15.7 million won raked in by an official of a Japanese commercial bank in the fiscal year of 1994, which ended March 31, the Bank of Korea (BOK) said yesterday.

A bank branch in South Korea recorded after-tax net profits of 291.2 million won in 1994 on the average, up 6.5 percent from a year earlier. Meanwhile, the comparable figure stood at 654.4 million won for a bank branch in Japan.

The total number of employees working for the country's 23 commercial banks edged down 0.9 percent from a year ago to 86,077 at the end of 1994 largely due to the implementation of an early retirement system, under which a certain number of employees have been requested to quit their jobs voluntarily in return for due retirement pay plus "consolation" money.

Combined manpower of the six major commercial banks—Chohung, Commercial, Korea First, Hanil, Bank of Seoul and Korea Exchange—declined by 3.5 percent from a year ago to 52,352 at the end of 1994.

The manpower of the 10 provincial banks, including Taegu, Pusan, Chungchong, Kwangju and Cheju, also edged down 0.4 percent to 19,583 at the end of last year, the central bank said.

However, the seven latecomers in the domestic bank community—Sinhan, KorAm, Tonghwa, Tongnam,

Taetong, Hana and Poram—saw the combined number of their employees rise 9.4 percent to 14,412 at the end of 1994.

Expenditures of the 23 commercial banks totaled 3,092.5 billion won in 1994, up 17 percent from a year earlier. But the ratio of their expenditures went down from 13.62 percent of total operational profits in 1993 to 11.68 percent in 1994.

The average space of a commercial bank branch in Korea narrowed 2.5 percent from 176 pyong (one pyong equals 3.3 sq. meters) at the end of 1993 to 171.5 pyong at the last year-end.

The number of bank officials working at a bank branch also was reduced by 7 percent from 23.3 persons to 21.7 persons on average during the corresponding period.

LG Group Leaders Replaced by Younger Generation

SK2302115795 Seoul THE KOREA HERALD in English 23 Feb 95 pp 8, 10

[By staff reporter Yu Kun-ha]

[FBIS Transcribed Text] In what could be described largely as a family affair, the LG Business group, the nation's third largest chaebol group, has conducted a leadership change.

The group, controlled by the two founding families of Ku and Ho, yesterday enthroned Ku Pon-mu, the eldest son of outgoing group chairman Ku Cha-kyong, as its new chairman.

The retiring senior Ku was named the group's honorary chairman.

Along with him, five elders of the two families also retired from the front line of management, giving the junior Ku more room to maneuver.

The five included Ho Chun-ku, chairman of LG Cable and Machinery Ltd. and the patriarch of the Ho family. Receding to the office of the company's honorary chairman, he handed over his title to his eldest son, Ho Chang-su. The junior Ho was catapulted from his previous position of vice president of LG Industrial Systems Co., bypassing the two rungs of president and vice chairman in the group's hierarchical ladder.

The exceptional promotion of the junior Ku was made to strike a balance in the power distribution between the two founding families.

The other four retiring elders were Ku Tae-hoe, a group adviser; Ku Pyong-hoe, chairman of LG International Corp.; Ho Sin-ku, chairman of LG Petrochemical Co.; and Ku Tu-hoe, chairman of Hoyu Energy Co. They were all named group advisers.

With yesterday's leadership change, the LG group became the first major Korean chaebol group to be run by a chairman from the third generation of a founding family.

The transfer of managerial power at the LG group also drew attention as it was conducted by the incumbent chairman himself while he was still active.

In other groups, the power transfer usually took place at the death of the incumbent chairmen.

In addition, the Ku and Ho families strictly applied the principle of selecting heirs from their eldest sons. At the same time, they followed the family tradition of placing elders at the back seat to make way for younger-generation family members.

Yesterday's reshuffle, although limited in nature largely as a family affair, will, however, inject new blood into the management of the group.

Upon inauguration, the new chairman pledged before presidents of group subsidiaries that he would do his utmost to make the group one of the best corporations in the world in the 21st century.

He disclosed three main tenets of his management philosophy - autonomy for professional managers, continued efforts for management reform, and fairness, honesty and sincerity for customer satisfaction.

The new chairman is known to be aggressive in pursuing given goals. He is also said to be often driven by the desire to become No. 1 in anything he does, be it sports or company management.

"He often tells us that in this age of globalization, the LG group will not survive unless it becomes super excellent in what it does," a group official said.

Ku demonstrated some aspects of his management style as owner of the LG Twins professional baseball team. He introduced the principle of autonomy in managing the team, allowing coaches and players to play the game on their own.

The LG Twins players, all in high spirits thanks to the autonomous team atmosphere, won the Korean Series last year.

In business management, Ku has been deeply involved, as a vice chairman of the group, in drawing up the strategy for the group's overseas operations.

He is credited with mapping out the LG group's ambitious plan for China. Under the plan, the group seeks to make China its second home market.

Managing a large conglomerate as the LG group obviously calls for other talents than good planning sense. Whether the new chairman has them or not remains to be seen. But what appears to be clear is that if he wants to make the group a prosperous corporation in the

coming century, he will have to overcome the limits posed by the heavy presence of members from the Ku and Ho families.

Korea Development Institute Analyzes Economy
SK2302013795 Seoul YONHAP in English 0106 GMT 23 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 23 (YONHAP)—The South Korean economy would grow 7 percent this year if the present economic policy of the government were pushed through, President Hwang In-chong of the Korea Development Institute said Thursday.

Speaking at a breakfast meeting for the Federation of Korean Industries, the head of the government's economic think tank estimated last year's growth rate at 8.5 percent.

Claiming the economy has to put up with a sizable current-account deficit in view of the need to widen the capital and foreign exchange markets, he projected this year's current-account deficit, ranging from 5 billion to 6 billion U.S. dollars.

Wages will rise 13 percent in the upcoming year, chiefly thankful to the manufacturing sector's rapid expansion, and providing wage standards which both labor and management can refer to, would help reduce costs of collective bargaining and wage stabilization, Hwang said. In this light, the preparation of wage increase guidelines by a labor-management committee is desirable, he added.

Stepped-up tax collection and flexible operation of government-run funds would produce a budget surplus this year, he predicted.

He attributed rising interest rates to increasing funding demands due to industrial expansion, tightened monetary controls, and the Mexican financial crisis.

An appropriate interest rate hike contributes to cooling overheating businesses and arresting runaway inflation, but a rapid hike causing confusion of the money market must be checked by all means, he said.

Hwang advised that the government should liberalize the introduction of foreign commercial loans related to industrial investment as soon as possible, warning that rapid inflows of foreign funds for stock investment will bring about an inflationary spiral.

Revised Tasks for 3d Land Development Plan Noted

SK2402114695 Seoul CHUNGANG ILBO in Korean 24 Feb 95 p 26

[By reporter Pak Ui-chun]

[FBIS Translated Text] The "Revised Tasks for the Third National Land Development Plan" prepared by the Ministry of Construction and Transportation present

the direction of developing the national land—the basis of our national competitive strength—in order to survive the rapidly changing internal and external conditions represented by localization and globalization.

The main idea of the revised tasks is to make the Korean peninsula the distribution and traffic center of Northeast Asia by efficiently investing in building and by systematically managing indirect social capital such as the Yongjongdo International Airport and an expressway network, thus fully utilizing the geographical conditions of the peninsula.

To this end, the government has decided to use a method that is fundamentally different from what was used when the government established national land policies in the past.

In the past, the government mapped out national land development plans focusing on the balanced development of the narrow Korean peninsula, with only a map of the peninsula. However, the government now has a wider view of the Korean peninsula in Northeast Asia, and furthermore in the world, according to authorities engaged in the third development plan.

The government is attempting to map out a longer-term plan for national land development, figuring the future image of the Korean peninsula. This is shown by the long 16-year period of the third development plan, from 1996 to 2011.

It has been learned that the government decided to make 2011 the final year of the plan because the government's great-sphere development plan to build the Asan Bay and Pusan-South Kyongsang Province zones will be accomplished by then, and because our national strength will increase to the current level of advanced countries, such as Britain and Australia, by 2011.

An official of the Ministry of Construction and Transportation explained that the government intends to improve the people's standard of living and the country's infrastructure up to the level of advanced countries by 2011.

Accordingly, this plan is not just a "revision" but a complete redrawing of national land development.

In the past, the Ministry of Construction and Transportation mapped out a final plan for land development based on the result of hearings of a draft prepared by land development researchers. This time, however, competent government offices and 12 research organizations participated in mapping out the plan from its initial stage. This is noteworthy.

This also shows the government's intention to reflect public opinion from all walks of life in as much as it is time to map out mid- and long-term plans for national land development.

In addition, the government plans to introduce a concept of coastal development in planning for national land

development and plans to attach great importance to environmental problems, which were comparatively neglected in the past.

What particularly attracts public attention is that the government decided to take advantage of an opportunity to completely review its policy on the capital zone, returning to the starting point.

The government presented two tasks—prevention of overpopulation in the capital zone and balanced development of local areas—but failed to achieve successful results in either one, and only lowered the national land competitive strength with unsolved capital and local problems.

The government will introduce a positive planning concept in taking policies on the capital zone in the future, abandoning the old "negative inhibitory policy."

However, it is doubted that the government can successfully push ahead its plan with only flowery words.

Many times we have seen the failure of luxurious plans for the future. It is pointed out that this time the government should take time to carefully and gradually fulfill the tasks, giving priority to practical ones, rather than focusing on outward shapes.

New Fuel Said Developed for Research Reactors

SK2302041495 Seoul YONHAP in English 0226 GMT 23 Feb 95

[FBIS Transcribed Text] Taejon, South Korea, Feb. 23 (YONHAP)—New technology to make high-quality and proliferation-resistant nuclear fuel for a research reactor has been developed here.

The Korea Atomic Energy Research Institute (KAERI) announced Thursday that its research team on advanced nuclear material led by Drs. Kuk Il-hun and Kim Chang-kyu has succeeded in developing a new technology to make the fuel, utilizing an atomization method, after eight years of research.

So far, most of the fuel for research reactors has been made of highly (more than 90 percent)-enriched uranium, but the Nuclear Nonproliferation Treaty (NPT) has recommended that research reactors should use low (lower than 20 percent)-enriched uranium, which cannot be diverted to nuclear weapons.

With the NPT recommendation, research reactors in advanced countries including the United States are using nuclear fuel made from a comminuting method, which pulverizes alloy ingots of uranium and silicon into powder.

But the powder made from the method is not dense enough and has many impurities and is irregular in shape, making the fuel in the cladding swell while it is being burned, researchers in the KAERI explained.

In contrast, the South Korean technology spray melted alloys inside a gas tank, which contains helium and argon, to make the powder—that is—the nuclear fuel.

Dr. Kuk Il-hun explained that the duration of the heat treatment for the fuel has been reduced from the current 72 hours to only six, and that the thermal conductivity inside reactors has been improved by 15 percent. In addition, the thermal swelling is reduced by 35 percent, he added.

He said, "We already secured a patent for the technology in advanced nations like the United States, Germany and Canada. A 350 megawatt-level reactor to be built in the Oak Ridge National Laboratory in the United States will use our technology."

Article Surveys Car Makers' Research Plans

SK2302084795 Seoul THE KOREA HERALD in English 23 Feb 95 p 8

[FBIS Transcribed Text] The country's seven automakers, including Hyundai, Kia and Daewoo, plan to spend a total of 1,012 billion won (some \$1,265 million) on Research and Development (R&D) this year, up 18.3 percent from a year earlier.

The R&D expenses also represent 4.1 percent of their combined turnover or 26.5 percent of their total investment in 1995, including facility investment, the Korea Automobile Manufacturers Association (KAMA) said yesterday.

Hyundai Motor Co., the largest automaker in Korea, is moving to invest 500 billion won this year, up 25 percent from a year ago, in developing new models, including the Avante, new engines plus pollution-free electric cars, a company spokesman said.

Kia Motors Corp., the second largest automaker, is planning to spend 350 billion won this year for the development of a new model, "G" car, and core auto parts such as engine transmission.

For the development of a "T" car, Daewoo Motor Co. will set aside 4.6 billion won this year. Daewoo Corp. and Daewoo Heavy Industries Ltd. will also extend financial support to their sister company, Daewoo Motor Co., for the R&D project.

Ssangyong Motor Co. will increase its R&D expenses by a remarkable 52 percent from a year ago to 79 billion won in 1995 to develop small-size commercial vehicles and mid-size passenger cars, that are scheduled to be put on the domestic market next year.

While expanding its production line after the successful development of a mini van, Hyundai Precision & Industry Co. is moving to make R&D investments amounting to some 14.5 billion won this year, a significant rise of 75.9 percent from a year earlier.

Noting that most of their investment has focused on the development of new models and core auto parts, however, car experts here said that domestic automakers need to shift their attention toward developing future-oriented cars which put more emphasis on environmental protection and safety.

Cambodia

Khmer Rouge Warn U.S. Military To Withdraw

BK2402134695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 24 Feb 95

[Unattributed commentary]

[FBIS Translated Text] Many leaflets were recently distributed in the Chaom Chau area [southwest of Phnom Penh City] warning that the United States is a great war criminal killing the Cambodian nation and people. The United States immediately should withdraw their military personnel, military advisers, and military experts from Cambodia. The United States immediately should stop providing military aid to the two-headed government. The United States should stop interfering in Cambodia's internal affairs and leave Cambodians to achieve national reconciliation. Without the U.S. war-mongering policy, war would have ended already.

The United States should know that the Cambodian people are really furious. If you do not act accordingly, the Cambodian people will smash your head. This is the Cambodian people's right to self-determination. You guys should not talk about human rights because you are great murderers killing the Cambodian people. U.S. soldiers stationed in Cambodia and who are pushing the two-headed government to kill the Cambodian nation and people will certainly be smashed by the Cambodian people one day.

This is the warning coming from the anger of the Cambodian people to the United States, great war murderers killing the Cambodian nation and people. It is these guys who make the Cambodian people suffer after the great murderous and fascist communist Vietnamese who have caused endless famine, death, and separation among the Cambodian people. Only by smashing the heads of the great warmongers can Cambodia have peace.

Khmer Rouge Claim Town Attacked, Occupied

BK2402124095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 24 Feb 95

[FBIS Translated Excerpt] After we routed the attack by the two-headed troops along Moug River on 19 February, our national army, in collaboration with the people, launched an attack on the night of 22 February to fully smash Moug District town and liberated six villages around Moug market.

On the first prong, we moved along the railroad toward the railway station and the second prong moved along Route 5 toward army rally points and camps at the high school and in Moug market.

After a one-and-a-half hour battle, we completely liberated Moug Township and also liberated six villages: Ta

Sok Ti Muoy, Ta Sok Ti Pi, Say Banteay, Russei Ti Muoy, Russei Ti Pi, and Ra. We killed eight enemy soldiers on the spot and wounded 27 others. We destroyed 18 assorted weapons; burned seven buildings, army shelters, and big warehouses; destroyed two large paddy mills; blew up a 10-meter railway bridge near Phsa Dei Hoy; and seized a large quantity of weapons, ammunition, and war materiel.

We occupied Moug market for one night. [passage omitted]

Japan Agrees To Resume Financial Loans

BK2402144295 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 24 Feb 95

[FBIS Translated Text] Japan has reached an agreement with the Kingdom of Cambodia on granting new financial loans to the Kingdom of Cambodia [KOC] after banning them for 26 years.

According to reports in Japan, this news will be officially released in mid-March at a conference in Paris of countries providing funds for the economic rehabilitation of the KOC. At the moment it is not clear how much Japan will allow the KOC to borrow. Japan has banned loans to the KOC since 1968 due to the political chaos and war.

While Japan did provide funds to the KOC in 1991, so far no new loans have been granted. On 26 February, representatives of countries providing international aid and officials from nearly 30 countries are due to meet in Tokyo to discuss plans to rehabilitate all countries in Indochina.

Radio Says Foreign Investment Consolidated

BK2402015495 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 22 Feb 95

[Station commentary: "It Is Being Further Consolidated"]

[FBIS Translated Text] The World Investment Office recently opened an office in Phnom Penh City. This office is run by two high-ranking financial advisers, (Michael Veer) and (Paul Frey), to assist foreign investors doing business in Cambodia as well as to coordinate with them on the issue of personnel.

Analysts think that the opening of the World Investment Office in Phnom Penh has created an opportunity for investment in the Kingdom of Cambodia [KOC] and provides a service to other investors. According to reliable sources the Cambodian Development Council has so far approved about 60 investment projects; many other projects are being investigated and will be approved soon.

What is noteworthy is that renowned international organizations such as Coopers and Lybrand have submitted investment proposals in the KOC that have already been approved. Furthermore, according to Tourism Minister

Veng Sereivut, major foreign investors from half the world are doing business in our KOC.

In fact on 11 February, the Tourism Ministry signed an agreement with (Aman Resort) and Raffles International. According to this agreement (Aman Resort) has invested 19,500,000 dollars in the construction of international-standard hotels in Siem Reap Province, including a 32-room five-star hotel costing 6.5 million dollars and another hotel, a four-star hotel, with 140 rooms costing 13 million dollars. We should recall that the (Aman Resort) company is very famous because it has built fine hotels. This company is well known because it knows how to attract major guests, including the offspring of British royalty. Furthermore, this company has jointly invested with (YCL) of Malaysia, a major company with joint investments with (Aman Resort) worth 1,000 million dollars. Another company, Raffles International, based in Singapore has invested 55 million dollars in restoring two hotels: the 209-room Le Royal in Phnom Penh costing 25 million dollars and the 300-room Grand Hotel in Siem Reap Province costing 30 million dollars.

This is proof that foreign investors still have confidence in our nation's potential for tourism development. This also clearly confirms that the KOC's liberal and legitimate investment law is being consolidated and is now attracting many other circles to invest in Cambodia with its investment guarantees.

The fact that major investors are doing business in Cambodia also shows that security and safety in Cambodia are being further consolidated. This has infuriated the Khmer Rouge because all the mayhem and trouble they have created among the nation and people have had no deterrent effect on foreign investors.

Furthermore, some people playing political games to serve their own ambitions have experienced misfortune and are quite disappointed. Lately, some people who call themselves patriotic people in name only have tried all means to destroy the aforementioned efforts. In other words, they have tried to destroy, or at the very least create, instability for various ongoing investments and create confusion. They have forgotten that creating social problems will create economic problems that will lead to political instability, and in the end it is the Khmer Rouge who will benefit from this. They do know that what the people want now are glory, rural development, an improvement in the basic physical environment and infrastructure, and an improvement in the people's living standards. It is the last factor that will lead to social and political stability.

Indonesia

Interview With New Army Chief Hartono

BK2402032895 Jakarta GATRA in Indonesian 18 Feb 95 pp 26-28

["Excerpts" of interview with Lieutenant General H.R. Hartono, Army Chief of Staff, on the development of the

Indonesian Army by GATRA correspondent Amran Nasution at the former's official residence at Jalan Wahidin—date not given]

[FBIS Translated Text] [Nasution] What decisions have you taken to develop the Army?

[Hartono] Basically, I will continue with what has been emphasized and carried out by Mr. Wismoyo all this while. At least, I will undertake to complete the task in stages.

[Nasution] If that is the case, have any drastic changes been decided on?

[Hartono] Mr. Wismoyo embarked upon the process and brought about good results. I am only left to continue and complete the task. Moreover, it is not advisable to make unexpected changes in administration.

[Nasution] But was there not an issue which appeared to strain relations between you and General Wismoyo?

[Hartono] There were several persons who considered that our relations were not good. This is a big mistake. I have known Mr. Wismoyo for a long time. He is a brilliant person and a leader. I am sincere about this.

[Nasution] There were people who said that you were appointed as the Chief of Staff because of your experience as the head of the Sociopolitical Affairs Department. Does this mean that the development of the Army will be more of a challenge than sociopolitical development?

[Hartono] I have a wide range of experience other than in the field of sociopolitics. I have experience as governor of the National Defense and Security Institute, Commandant of the Armed Forces Staff and Command School, regional commander, military resort commander, and military district commander.

[Nasution] The ABRI [Armed Forces of the Republic of Indonesia] soldiers have a dual role in maintaining defense and security and sociopolitics. If it deals with defense and security, then all is straightforward and procedures are followed. However, problems with sociopolitics would be more difficult. Given your different experiences, will sociopolitical development within the Army be upgraded?

[Hartono] If you are referring to my experience in sociopolitics, let me say that I was not only the head of the Sociopolitical Affairs Department but also the governor of the National defense and Security Institute, commandant of the ABRI Staff and Command School, regional Commander, military resort commander, and so on. The ABRI's sociopolitics exists within its Staff and Command School.

[Nasution] But will the role of sociopolitics in the Army be upgraded?

[Hartono] No. It is like this: the ABRI has its roles in defense and security and sociopolitics. Defense and security and sociopolitics are comparable to the two indispensable sides of a coin. The Army Chief of Staff has the responsibility of developing the Army to make it alert so that it will be prepared to execute these two functions when necessary. This means that the Army Chief of Staff, apart from upgrading the skills of the soldiers in military techniques and in protecting their well-being, will also undertake to develop the members of the Army so as to enable them to carry out their roles in the sociopolitical field. However, it should be remembered that it would be meaningless if defense and security were not maintained. The ABRI's sociopolitical credibility will likewise be influenced by the maintenance of defense and security. If not, it would function in the same way as any civilian sociopolitical organization. Defense and security in real terms means not only having physical preparations but going beyond that to developing an attitude of mind—including a sociopolitical attitude.

[Nasution] What is the true development of sociopolitics?

[Hartono] Defense and security and sociopolitics are already embedded within a soldier. If one is talking about the ABRI, the Army will be in view. The Army Chief of Staff prepares the defense and security and sociopolitical functions within the Army in accordance with the guidelines of the ABRI General Headquarters.

[Nasution] Will there be any change in the ABRI's sociopolitical role, particularly within the Army?

[Hartono] I will definitely adhere to the guidelines and considerations of the Armed Forces Chief that the Army has the capacity to assume its sociopolitical role in accordance with economic developments in Indonesia and the international arena. This is because the ability to make adjustments is important in upholding the ABRI's—and the Army's—objectives.

[Nasution] If that is the case, will there be any changes within the Army?

[Hartono] What kind of changes? There will definitely be no changes within the Army. The soldier's pledge is to defend and uphold Pancasila; defend the country's and people's interests and the national concept of indiscriminate against any race, color, creed, or religion; to pledge allegiance to the country; and uphold the 1945 Constitution and Pancasila—these all form the fundamental concerns of the Army. If changes are to be made, they will only concern the Army's intensive involvement in sociopolitical matters, and also its style [preceding word in English] in accordance with the situational development. The Army and the ABRI will definitely be involved in a sociopolitical role because it has become the Army's commitment to protect all Indonesian citizens. This commitment will never change.

[Nasution] Is it true that soldiers from the ulemas group have become dominant within the ABRI?

[Hartono] Ulemas? The ABRI is not a religious group, ha...ha...ha.... Various categories of people make up the Army. There are Muslims, Christians, Catholics, Buddhists, and Hindus. Promotions are given based on the personnel's performance and capability.

[Nasution] But does such a situation exist outside?

[Hartono] I really don't know. It could possibly be that the Armed Forces Chief and the Army Chief of Staff should be Muslims; certainly, amateur observers assume this is the case. However, it is not so. The Armed Forces Chief need not be a Muslim and the Army Chief of Staff need not be a non-Muslim or otherwise. If the number of high-ranking military officials are Muslims, then this is appropriate because the majority of Indonesians are Muslims.

[Nasution] How do you see the Army's role in the future?

[Hartono] The Army is not by itself. The Army and the other military forces and social organizations should work hand in hand toward developing the nation. The Army should monitor international developments, whether concerning international relations, armaments, sociopolitical issues, or the economic situation, which all have an influence on us. The sensible course for the Army is to make sure its personnel become innovators and work together, and to anticipate any untoward situation.

[Nasution] If that is so, is education considered important?

[Hartono] Definitely. Individual skills in the Army should be continuously upgraded. Encouragement should be always be given when it comes to improving one's education.

[Nasution] Is there any apprehension that soldiers, who are sent to study abroad, will become unnationalistic?

[Hartono] Have we become unnationalistic—Mr. Feisal Tanjung, who studied in Germany, and I, who studied in the United States? On the contrary, we have become more nationalistic. Soldiers who study abroad will have a wider vision, apart from having the opportunity to mingle with and know other foreign soldiers. This is important.

[Nasution] For example, now there is the back to basic [preceding three words in English] system, with the ABRI rendering its support from behind. How is this being carried out?

[Hartono] Back to basic [three preceding words in English], which is similar to discipline, reminds us that society forms a part of the ABRI's base. This idea is not to make the ABRI aware that society is its only base. In

laying out the defense and security and sociopolitical functions, consideration should be given to letting society be a base for them.

[Nasution] We are still discussing the topic of education. What is the situation regarding the establishment of the Kodiklat [Army Command for Indoctrination, Education, and Training] in Bandung?

[Hartono] It is true that numerous inefficient educational institutions have existed for some time. There is the Center for Educational Development and the Center for Operations System Development. What is the difference between the two? Both have been merged into one to become the Kodiklat. Therefore, the two educational institutions have been consolidated into one.

[Nasution] Is there any plan to develop such kinds of institutions?

[Hartono] No, none.

[Nasution] What is the reason for reactivating infantry brigades in the regional commands?

[Hartono] As a regional commander, I considered that military district commands were unable to develop battalions under their command. The commands were too occupied. The commands could not manage their battalions efficiently. The operations officer of a military resort command was responsible for the development of the battalions. Thus, battalions remain under a military resort command, but a brigade is now responsible for managing the battalions. This is in line with making preparations. A brigade normally consists of three battalions.

[Nasution] But we are not going to wage a war. What are the reasons for maintaining battalions?

[Hartono] Battalions should constantly be in a state of alert even if we are not at war; therefore, brigades are needed. For example, the Barawijaya Military Region Command used to have six infantry battalions. The battalions had different capabilities. Why? Because there was no special authority to manage the battalions. If there had been only one command, as there is now, there would have been a standard quality.

GPK Group Attacks on Village Reported

BK2402081595 Jakarta *SUARA KARYA* in Indonesian 23 Feb 95 p 6

[FBIS Translated Text] Dili (SUARA KARYA)—Colonel (Infantry) Kiki Syahnakri, commander of the 164th Wira Dharma Military Resort Command, said that the GPK [Security Disturbance Movement] members continue to carry out their aggressive acts in the jungle. Apart from stealing agricultural produce and livestock belonging to the villagers, they burned down the house of the Atudara village head in Cailaco sub-district, Bobonaro district on Sunday night, 19 February. The house is situated at an isolated area about 7 kilometers north of Cailaco.

According to Col. Kiki, the GPK members committed the crime at 21.00 Eastern Indonesian time [1200 GMT] with the objective of killing the Atudara village head, Jhon Freitas, who is well-known to the East Timorese for strongly supporting the integration of East Timor into Indonesia. Freitas is one of the village heads who is close to government officials.

Col. Kiki said that the GPK members entered the house by the kitchen door and aimed the firearm at the village headman, but Freitas, without fear, put up a struggle and managed to escape. A burst of fire from the GPK members finally hit his left arm.

When the incident occurred, Jhon Freitas, his wife, three children and Arlindo, a farming guidance official, were in the house. They ran out of the house to seek help from the villagers. But the Fretilin [Revolutionary Front for an Independent East Timor] GPK members had already set fire to the four-room house after damaging the property inside.

Col. Kiki said that after the shooting and the burning of the house, the Fretilin GPK members escaped in a southward direction. Following the incident, Second Lieutenant Infantry Sutrisno, commander of Military Rayon Command, immediately set up a search team to track down the GPK members.

Col. Kiki Syahnakri added that the villagers hated the Fretilin GPK members for their constant attacks and recklessness and had no sympathy for them. To date, the GPK members can only move around in a limited area of the forest.

Laos

SRV Delegation's Friendship Visit Reported

Courtesy Call to Prime Minister

BK2202121395 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 22 Feb 95

[FBIS Translated Text] Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee [LPRP CC] and prime minister of the Lao People's Democratic Republic [LPDR], received a courtesy call in the capital, Vientiane, yesterday from a high-level delegation of the Control Department of the Communist Party of Vietnam Central Committee [CPV CC]. The delegation is headed by Comrade Do Quang Thang, Political Bureau member of the CPV CC, member of the CPV CC Secretariat, and director of the CPV CC Control Department. The delegation is currently paying a friendship visit to the LPDR.

During the conversation between host and guest, which proceeded amid an atmosphere of warm intimacy and mutual understanding, Comrade LPRP CC Chairman Khamtai Siphandon welcomed and highly assessed the visit to Laos by the high-level delegation of the CPV CC Control Department, calling it an important contribution to strengthening and enhancing the traditional and longstanding relations of friendship, special solidarity, and comprehensive cooperation between the two parties, states, and peoples of Laos and Vietnam in general, and between the two inspection boards in particular. The chairman also wished Comrade Do Quang Thang and his entourage brilliant success in their visit to Laos.

Comrade Do Quang Thang, Political Bureau member of the CPV CC, member of the CPV CC Secretariat, and director of the CPV CC Control Department, informed Comrade Chairman Khamtai Siphandon of the outcome of the talks held between the high-level delegations of the CPV CC Control Department and the LPRP CC Inspection Board. He also expressed thanks to the chairman for according his delegation a warm welcome.

Ceremony on Signing MOC

BK2202134795 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 22 Feb 95

[FBIS Translated Text] On the evening of 21 February, a ceremony was held at Lan Xang Hotel in the capital, Vientiane, to sign a memorandum of cooperation between the delegation of the Inspection Board of the Lao People's Revolutionary Party Central Committee [LPRP CC] and the Control Department of the Communist Party of Vietnam Central Committee [CPV CC]. Signing the memorandum were Maichantan Sengmani, Political Bureau member of the LPRP CC and chairman of the LPRP CC Inspection Board; and Do Quang Thang, Political Bureau member of the CPV CC, member of the CPV CC Secretariat, and director of the

CPV CC Control Department. The signing took place in the presence of officials concerned from the two sides.

The said memorandum of cooperation stipulates that the LPRP CC Control Board and the CPV CC Control Department unanimously agreed to continue cooperation with each other in carrying out party-state inspection work in 1995 and 1996. In doing this, each year the two party-state inspection bodies will exchange visits by high-level delegations to exchange their general experiences. They will also continue sending technical teams to visit each other to exchange specialized experience and lessons. In addition, the two sides unanimously agreed to allow inspection committees at the provincial and municipal levels to visit and exchange lessons with one another. The two sides agreed to supply each other with necessary documents, publications, newspapers, and news bulletins as requested and needed by each side.

At noon today, the high-level delegation of the CPV CC Control Department left Vientiane for home after concluding the 8-day visit to Laos.

Information Ministry Group Departs for Burma

BK2402084095 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 23 Feb 95

[FBIS Translated Text] Yesterday the delegation of the Ministry of Information and Culture headed by Deputy Minister Bouaban Volakoun left for a 7-day friendship visit to the Union of Myanmar [Burma] at the invitation of the Myanmar [Burmese] Ministry of Information and Culture. During the visit, the two ministries will discuss information work and exchanging information between the two countries.

Radio Praises Outcome of President's Thai Visit

BK2402072295 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 22 Feb 95

[PASASON 22 February article by Khan Kiloum: "A Visit Filled With a Spirit of Goodwill, Friendship, and Mutual Understanding"]

[FBIS Translated Text] Respected listeners: the official visit to the Kingdom of Thailand by His Excellency [H.E.] Nouthak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], and his wife from 14 to 19 February 1995 as guests of His Majesty King Phumiphon Adunyadet and Her Majesty the Queen of the Kingdom of Thailand began at 1430 on 14 February when the special flight of a Boeing 737 airliner of the Lao Aviation Company landed at Don Muang Air Force base. A twenty-one gun salute was fired while H.E. President Nouthak Phoumsavan and his wife stepped down from the ramp of the plane to the welcome of His Majesty King Phumiphon Adunyadet and Her Royal Highness Princess Maha Chakkri Sirinthon on the tarmac while the Air Force band was playing the Lao national anthem and the King's anthem. Hundreds of high-ranking civilian, police, and military officers and a

large crowd of well-wishers waving Lao and Thai national flags lined Bangkok's streets to tumultuously welcome the state guests with a spirit of overwhelming friendship. On that day, Thai and Lao national flags were seen gracefully decorating both sides of the streets from the airport to the gate of the Borom Phiman Throne Hall of the Grand Palace, which was turned into the official residence of the high-level official guests from the LPDR.

That evening, Their Majesties the King and Queen of the Kingdom of Thailand hosted a grand banquet in honor of H.E. President Nouthak Phoumsavan and his wife as a symbol of the good neighborliness and brotherliness between the two countries, which was vividly described in a speech made by the LPDR president during the banquet, saying that the Lao and Thai peoples come from the same ancestors, speak almost identical languages, share a similar culture and religious beliefs, and have adhered to similar customs and traditions. All this has served to further strengthen a sense of inseparable brotherliness between the two peoples. Such a foundation has become a firm prop for the lasting cooperation between the two countries.

In his speech delivered on the same occasion, His Majesty King Phumiphon Adunyadet also hailed the time-honored ties of goodwill and friendship between the Lao and Thai peoples, who have followed similar religious practices, traditions, and customs as well as the same way of life.

Such a spirit of mutual closeness, goodwill, and affection was clearly demonstrated throughout the visit to various places by H.E. President Nouthak Phoumsavan, whether at the Hin Son Development Study Center in Chachoe-ngsao Province; the Supplementary Artistic and Vocational Training Center at Bang Sai in Ayutthaya Province; the Huai Hong Khrai Development Study Center in Doi Saket District in Chiang Mai Province; the Doi Tung Development Project under the royal patronage of Her Royal Highness the Princess Mother in Chiang Rai Province; or the Animal Diseases Research Center in Khon Kaen Province. H.E. President Nouthak Phoumsavan and his wife were given a warm welcome wherever they visited. All these development projects have been implemented thanks to royal initiatives by members of the Thai Royal Family with the aim of improving the quality of life of the Thai people. Such initiatives are in line with the principal aims set forth by the Lao Government in trying to bring a more plentiful and happier life for the multiethnic Lao people. It is apparent that H.E. President Nouthak Phoumsavan always remains close to the Lao people and is concerned with the well-being of the entire Lao people. This common and harmonious goal shared by the two heads of state has greatly encouraged both Lao and Thai peoples to have great faith in their supreme leaders. With such a sense of appreciation, the Khon Kaen University Council unanimously decided to confer an honorary doctorate degree in economics on H.E. President Nouthak Phoumsavan.

Thus, the visit to the Kingdom of Thailand by H.E. President Nouthak Phoumsavan and his wife has served not only to strengthen the friendship and cooperation between Laos and Thailand but also to make the relations of brotherly affections between Lao and Thai peoples last forever. The outcome of this visit has now become a firm foundation for the growth of lasting friendship between the two countries.

'Unofficial' Newspaper Reportedly in Circulation 95P30042A

[FBIS Editorial Report] The Bangkok weekly SIAM RAT SAPDA WICHAN in Thai in its 11-17 December 1994 issue carries an article in the 'Focus on Indochina' column by Lan Fong on the appearance of a "virulently" anti-government newspaper which circulates in Vientiane, Savannakhet, and Luang Prabang, as well as in the provinces of Khammouan, Champassak, and Oudomsai. According to Lan Fong, KHVAM HOUANG [THE HOPE] began publishing on 12 October 1994, the anniversary of the Lao Itsala [Free Lao] uprising against the French after World War II.

Lan Fong comments that the paper's content consists largely of political attacks against Laos' past and present communist leadership. KHVAM HOUANG's logo is "For the People, of the People, by the People" and is the first "unofficial" newspaper to appear in Laos since 1975. The author claims that the paper contains "secret" information on Kaysone Phomvihan, Nouthak Phoumsavan, and Khamtai Siphandon.

The author reports that the paper's editorials criticize the LPRP for changing the Lao national day from 12 October to 2 December as the latter "is merely the date of an "opportunistic seizure of power." The paper is said to call upon National Assembly members to be "true representatives of the Lao people and not merely rubber stamp party edicts."

Although the paper is said to contain reporting on government policy to produce and export heroin, most of the commentary is a critique of Khamtai's and Nouthak's pro-Vietnam foreign policy. KHVAM HOUANG lambasts the 1977 Treaty of Friendship and Cooperation with Vietnam, saying the Lao people can expect the same fate as the American Indians now that the treaty has been renewed "for an indefinite period of time." The paper notes that the current Lao leadership is "indebted" to Vietnam for the latter's support against the French and the Americans, to extent they simply take orders from Vietnamese "working behind the scenes." Vietnamese immigrants are said to control the Lao economy while "three divisions of Vietnamese troops are hidden among the Lao Army. There are 180,000 Vietnamese in the Army and this does not include personnel hidden in various ministries by the SRV Government."

KHVAM HOUANG is said to urge Party and State personnel to "resist oppression by the traitors" by disseminating the paper's message nationwide.

Philippines

Russians Estimate Spratly Oil Reserves

BK2302134095 Manila PHILIPPINE DAILY INQUIRER in English 20 Feb 95 p B1

[FBIS Transcribed Text] The Philippine Government may have more reason to fight for its claim over the Spratly Islands as a study by Soviet geologists estimated that the area could contain as much as six billion barrels of oil and gas.

A paper delivered by V.I. Vysotsky, R.D. Rodnikova, V.M. Shlefir and T.N. Larkova of the Russia Research Institute of Geology of Foreign Countries said that total hydrocarbon resources in the disputed area could reach about one billion tons of oil and gas in place, of which more than 70 percent is natural gas.

Sources from the Department of Energy (DOE) disclosed that as a rule of thumb, recoverable reserves of oil and gas are generally 10 percent of the oil and gas in place.

As such, of the six billion barrels, the oil in place is estimated at 1.8 billion barrels and recoverable reserves at 180 million barrels of oil.

The West Linapacan field has recoverable reserves of 110 million barrels. The Spratly Islands then would have the same oil reserves as the Linapacan and the Camago-Malampaya field.

DOE sources, however, said that the projections have to be confirmed since the only drilling conducted in the area was at the adjacent Reed Bank portion.

"There is actually no drilling conducted at the Spratlys," the sources warned.

According to the Soviets, the reservoir units occur at depths not exceeding three to four kilometers. The total area covered by the basins within the Spratly region is 607 thousand square meters, the paper added.

Aside from the Philippines, five other countries are laying claim on the Spratlys, namely Vietnam, Malaysia, Taiwan, the People's Republic of China, and Brunei.

Commentary Assesses Policy on Spratlys

BK2302123995 Manila PHILIPPINE DAILY INQUIRER in English 19 Feb 95 pp 1, 4

["Analysis" by Amando Doronila]

[FBIS Transcribed Text] The reinforcement of Philippine naval, air and military presence at the Spratlys after the Chinese occupation of Panganiban (or Mischief) Reef is the boldest military and diplomatic gamble ever made by the Philippines in a territorial dispute with any Asian nation since World War II.

It is an astute gamble, but full of risks in escalating tensions not only between the Philippines and China, but also between China and Southeast Asian states.

However, the prospects of a military encounter between China and the Philippines are unlikely in the immediate term.

Following a meeting of the National Security Council, the president used tough words to warn the Chinese to stop further occupation of reefs and atolls claimed by the Philippines in the Spratlys chain. But he backed the warning with the dispatch of five F-5s, four jet trainers, and two helicopters and two additional navy ships.

Mr. Ramos could not have put it more correctly when he described the Chinese occupation of Panganiban Reef, which is claimed by the Philippines, as "a forceful demonstration of China's claim to the entire South China." [sentence as published] By putting it in this context, the president was regionalizing the conflict, not just a bilateral one. Translated in non-diplomatic language, the Philippines is telling our neighbors, especially those with claims on the Spratlys, that our fate could also be their fate—a victim of Chinese aggression.

The government has not only lodged a strong diplomatic protest over the expansion of Chinese presence on the Spratlys. Although it has emphasized that it is not going to use force to dismantle Chinese installations on Mischief Reef, it makes clear that it will not allow further transgressions even if that would lead to a shooting war. It is also pursuing diplomatic actions to engage China in a dialogue and ASEAN in a common action to resolve the tensions peacefully. Thus, the ball is in China's court.

The first time the Filipinos ever fought a war in modern times was to defend their country from Japanese invasion. The Philippines has had tensions with Malaysia over the territorial dispute on Sabah, but it never reached a point where the Philippines flexed its military muscle—puny as it is.

But the Chinese occupation of Mischief Reef succeeded in provoking the Philippine Government to defend the national territory and to save national pride. Our second war crisis involves another big Asian nation, also feared by its neighbors, especially now that it is becoming a big economic and military power.

Signals to China

It would be a mistake for China to think that the Filipinos would not put up a fight even if it would mean sinking all our gunboats and shooting down our air force. In dispatching reinforcements to the Spratlys, the government is sending the signal to China and our neighbors that enough is enough, that we can take only so much humiliation and provocation from them, and that includes Indonesia over its intervention in East Timor, and Malaysia over its abuses on Filipino domestics, and that when our national territory is violated, we will fight no matter the costs.

It should not be forgotten that when the Filipinos fought the Japanese invasion, they did not have the wildest dream that they could roll back the invasion forces.

When they massed, unarmed, on EDSA [Epifanio de los Santos Avenue] to defend a military rebellion against the Marcos regime, they defied the tanks and armor, and never thought that their demonstration could bring down a regime backed by a modern military force. They did not count the costs when they took the risks, and the risks were high.

China should never rule out the possibility that if it continues to occupy more of the reefs and atolls the Philippines is claiming, the Filipino gunboats and planes will stop them and fight. As I said the warning is a big gamble entailing big risks. But it is not a reckless gamble.

Should there be a shooting war between the Philippines and China at the Spratlys, China is sure to win the encounter because of its superior forces, but the conflict would exact a prohibitive political and diplomatic cost to China. I am sure that given its long experience in diplomacy and war as an ancient nation, China is calculating the costs.

ASEAN vulnerability

A military disaster for the Philippines will of course drive home emphatically, our military vulnerability. But such a disaster would also drive home to ASEAN its vulnerability to Chinese moves to expand its hegemony and military power over the region. Even if the Philippines' ASEAN partners will not aid us militarily or even make public expression of support, Chinese aggression will force ASEAN to close ranks out of fear and intensify the establishment of a regional mechanism for resolving disputes peacefully.

Indonesia nurses an ancient fear over Chinese expansion and hegemonic ambitions, including Beijing's claim over all of the South China Sea as China's "lake" based on antiquarian maps. The value of such maps in defining modern national territories is as worthless as maps defining, for example, European national boundaries before World War I. Indonesia's anxieties are going to be raised by further Chinese forceful occupation of the Spratlys chain.

Unfortunately for us, we were made China's guinea pig in testing the reaction of other Asian nations on its latest territorial adventure of "creeping presence" on the Spratlys, apparently because we are the weakest militarily. Vietnam and China fought a naval encounter in 1988 when China expanded its presence over territories claimed by China. The two are ancient enemies. Indonesia, like Vietnam, would not like to see China upsetting the balance of power, and the Chinese probe on the Philippine claims is a move in the direction of establishing a new power equilibrium.

Indonesia has taken the lead in promoting workshops among Asian nations, including China and members of ASEAN, in the search of a peace-resolving mechanism for the region following the shrinking of American military presence in Asia. A war between China and the

Philippines would put more pressure on Indonesia and the rest of ASEAN to intensify peace dialogues and establish a conflict-solving mechanism.

Japan cannot be indifferent to these peace initiatives. Although Japan's primary interests in the region are concerned with expanding its economic dominance, its security will be threatened if China gains military control of the South China Sea because it is a strategic passage of Japanese commerce and supplies.

A Philippine-Chinese confrontation over the Spratlys is certain to call acutely into question the United States' responsibility for the Philippines under the 1951 Mutual Defense Treaty. A State Department spokesman says the United States "takes no position on the merits of the competing claims in the South China Sea" but would view the use of force in resolving differences "as a serious matter."

Interdependence

Admiral Richard Macke, commander of the U.S. forces in the Pacific, says although China's latest action was "moving in a direction that I'm not comfortable with," dialogue "rather than isolation or confrontation" was still the best way to deal with China.

The United States is silent about the Mutual Defense Treaty, but a shooting conflict will force it to spell out its position in relation to the disturbance of the balance of power in the region. It cannot forever be hiding its head in the shifting sands of Asian power equilibrium. The merit of Ramos' gamble is that it impresses on Asia and the United States that whether we go it alone or not on the Spratlys, their fate is tied with us whether we win or lose. It has at least intensified the search for avoiding a war at the Spratlys over which the Filipinos have indicated they are prepared to lose lives. And this is one way of pulling back from war.

ASEAN, Key Allies Support Spratlys Claim

BK2402090895 Manila BUSINESS WORLD in English
20 Feb 95 pp 1, 4

[By Cristina D.C. Pastor, Sandra S. Aguinaldo and Rachel E. Khan]

[FBIS Transcribed Excerpt] Countries in Southeast Asia and key allies are lining up behind the Philippines in regard to its territorial row with China by reminding the latter of an agreement serendipitously called the "Manila Declaration of 1992" urging "restraint" in the settlement of the South China Sea dispute.

By invoking the Association of Southeast Asian Nations (ASEAN) declaration forged in July, countries like Vietnam, Indonesia, Thailand and the United States are indirectly throwing their support behind Manila and telling Beijing in no mean terms to honor its 1992 commitment.

The so-called Manila Declaration is a landmark statement signed by ASEAN foreign ministers following a meeting in the Philippines on 22 July 1992. The signatories are Brunei's Prince Mohamed Bolkiah, Indonesia's Ali Alatas, Malaysia's Abdullah bin Haji Ahmad Badawi, Singapore's Wong Kan Seng, Thailand's Asa Sarasin, and the Philippines' Raul Manglapus.

China and Vietnam, guest observers during the 1992 ASEAN foreign ministerial meeting, also forged their signatures to an agreement that would acquire tremendous significance three years from its signing. [passage omitted]

PRC Still Intent on Holding Disputed Area

BK2302160995 Manila BUSINESS WORLD in English 22 Feb 95 pp 1, 9

[Report by Sandra S. Aguinaldo and Paul N. Villegas]

[FBIS Transcribed Text] China has no intention of giving up Panganiban (Mischief) Reef to the Philippines despite the country's move to seek the total pullout of Chinese military forces from the 200-mile exclusive economic zone (EEZ), intelligence reports from the Armed Forces of the Philippines (AFP) said yesterday.

At the same time, military officials said investigation showed China has resolved to keep two warships and one smaller vessel within the EEZ to assert its claims over Panganiban.

The warships, left behind after the withdrawal of some six navy ships recently, will not move out of the EEZ to guard four permanent structures built on stilts which, according to military assessment were communication facilities.

Military reports also said the three remaining Chinese vessels have the capability to fight against the Philippine Navy as they are being backed up by six other battle ships on standby outside the EEZ.

Officials also said the vessels were several times monitored by planes on reconnaissance mission to have gone back inside the Philippine waters near the reef and returned to their position outside the Philippine borders after a few hours. "They will not leave because they have noticed we have a poorly equipped armed forces," one official who requested anonymity said.

Intelligence reports also said China will not give up Panganiban Reef because it has already established strong physical presence there adding the position alone gives China an edge over the Philippines. "It is a calculated risk on the part of China because the reef is well within our territory," a military official said.

The island is 160 miles off the coast of Palawan.

OIL-RICH

The report also said China's foremost reason for venturing inside the Philippine territory was economic in

nature. China, based on military assessment, was interested in the oil-rich area covering Palawan and other nearby islands. The Chinese Government has decided to establish presence near the area so as to scare off drilling companies in Palawan in a move to assert its right over the whole of South China Sea.

The report concludes the government should double its efforts to solve the problem diplomatically because the Philippines lack the defense posture needed to defend the country from Chinese attacks.

CHINA'S FORCE

The Chinese Armed Forces is known to be one of the most powerful in the world. Military records show the Chinese navy has 17 destroyers, 37 frigates, 207 missile craft, 160 torpedo craft, while its air force has 4,500 fighter planes.

Still, a military analyst maintained the Philippines is not hopeless against the Chinese might. The AFP only has 30 patrol crafts, 121 helicopters, and 11 fighter planes.

China, he said, must have warplanes in the vicinity so as to win the fight with the Philippines. But the presence of warplanes is impossible due to the 850 miles flying distance of Panganiban Reef from mainland China. He said Chinese ships cannot win over a squadron of warplanes. "They must have an air support and that is impossible because no plane can last a battle 850 miles away from its base," he said.

DESTABILIZING

Meanwhile, New Zealand has joined the bandwagon of several countries in the Pacific Rim calling for a peaceful settlement of the Panganiban Reef.

New Zealand Foreign Affairs Minister Don McKinnon has expressed concern that developments over the hotly disputed Spratly Islands could be "very destabilizing to the region," and that a possibility of renewed conflict among the claimant states could erupt anytime.

A report from Philippine Ambassador Vesta Cuyugan in New Zealand, said Mr. McKinnon has urged Manila and Beijing not to "act in a way that might alarm" the other claimants.

Mr. McKinnon, who attended the 1992 ministerial meeting of the Association of Southeast Asian Nations (ASEAN) in Manila, which produced the Manila Declaration on the South China Sea, called for a "calm consideration" from the claimant countries by exercising restraint and pursuing cooperative endeavors in the peaceful resolution of disputes.

The islands in the South China Sea, which include the Spratlys, are believed to be sitting atop large reserves of oil and gas. The contested islands are being claimed in whole by China and in part by Vietnam, Taiwan, the Philippines, Malaysia, and Brunei.

Mr. McKinnon said the 1992 Manila Declaration and Indonesia's marine workshops for all the claimants are important confidence building measures which could help prevent the current situation from escalating any further.

Over the years, Jakarta hosted several workshops on joint development efforts among the claimant states to secure cooperation in the areas of navigation and sustainable management of resources.

Mr. McKinnon also cited Vietnam's call for a peaceful resolution of the dispute between Manila and Beijing.

A report from the Philippine Embassy in Hanoi said Vietnam wants all parties concerned in the Spratlys dispute to "maintain stability on the basis of the status quo" while negotiations continue "in search for a fundamental and lasting solution" over the sovereignty issue on the islands.

Ramos To Use Trade Lever in Spratlys Talks

BK2402022395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 23 Feb 95

[FBIS Translated Text] Chinese Foreign Ministry Spokesman Chen Jian confirms that China insists on bilateral negotiations to resolve peacefully the seething Spratlys issue; this, in spite propositions that multilateral negotiation should be used among the claimant countries. If bilateral negotiations will not succeed, Chinese officials plan to use joint development pacts in order to resolve the issue. If this is realized, this will emphasize China's military force against smaller nations. Experts believe that China will use these development pacts in order to eventually take all of the Spratlys. Earlier, President Ramos proposed that the islands will be given custody to governments where they are nearest. The Spratlys is a group of islands in the western part of Palawan fetched for its oil and other energy resources potential at an estimated value of \$1 trillion.

Because of the Philippines' military incapability against the Chinese forces, President Ramos will instead use trade to resolve the Spratlys issues. Foreign Secretary Roberto Romulo revealed that the president has designated businessman Alfonso Yuchengco to represent the government in negotiations with the Chinese trade officials. The government is confident that Yuchengco can handle the task because of his experience and wisdom in commerce.

Talks With PRC on Spratlys Set for Mar

BK2402041095 Quezon City Radio Filipinas in English 0230 GMT 24 Feb 95

[FBIS Transcribed Excerpt] The Philippines and China will meet next month in Beijing to discuss their dispute over the Spratly islands. Foreign Undersecretary Rodolfo Severino said talks between the two countries have been set for May but both agreed to an earlier meeting

next month. The Philippines has accused Chinese ships of intruding in an island claimed by Manila in the contested island-chain. Severino said the talks likely to be held between the first and second week of March. [passage omitted]

Japanese Urge Peaceful Settlement of Spratlys

BK2302152795 Hong Kong AFP in English 1331 GMT 23 Feb 95

[FBIS Transcribed Excerpt] Manila, Feb 23 (AFP)—Visiting Japanese diplomats have called on China and the Philippines to peacefully settle their dispute over a reef in the Spratly Islands, a senior Filipino foreign official said Thursday.

Foreign Undersecretary Rodolfo Severino told reporters the call was made during a meeting with a sub-ministerial delegation from the Japanese Foreign Ministry on Wednesday.

"They consider the sea-lanes in the South China Sea as vital because much of the trade of Japan goes through the Indian Ocean to the Middle East and Africa," Severino said.

"So they consider the safety and stability of the sea-lanes as vital to their interests."

It was the first public comment from Japanese officials over the latest dispute over the Spratlys, sparked by Beijing's occupation of Mischief Reef, which is claimed by Manila. [passage omitted]

MNLF Vows To Defend Spratlys in War

BK2402094495 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 24 Feb 95

[Passages in italics published in English]

[FBIS Translated Text] The Moro National Liberation Front [MNLF] will not run away from its responsibility of defending the Philippines against any foreign force. This was emphasized by MNLF Chairman Nur Misuari during an exclusive interview with DZBB. According to Misuari, it is perfectly appropriate for the MNLF to assist the Armed Forces of the Philippines if there is a foreign force attempting to invade the country.

[Begin Misuari recording] *Well, I think it is a matter of duty on our part to protect the region from any intrusion either individually or as part of the larger responsibility of the whole nation—the Filipino nation, of which we are a part. Certainly, we will not run away from our responsibility, although as what I have said earlier, I said that if possible we would like to see that this problem be solved through diplomatic means.* [end recording]

Misuari said that although the People's Republic of China is a mighty force, it is not MNLF's practice to run away from its enemy.

[Begin Misuari recording] *In the first place, we don't want war. We do not want war, especially when it comes to, you know, war involving larger powers in the region. We don't want any trouble with our neighbors. We want friendship and cooperation with them. But at any rate, you know, it is our God-given duty or responsibility to protect the integrity of our land and the honor of our people and of the nation. We have no choice. We cannot just accept our fate like that. With our experience in the past, we don't run away from overwhelming odds.* [end recording]

Misuari, however, hopes that the dispute will be solved through negotiations. In this regard, Misuari asked the help of the Organization of Islamic Countries to ask China to withdraw peacefully from Panganiban Reef.

[Begin Misuari recording] *We are always ready to cooperate for the peaceful settlement of the problem. And as a matter of fact, I am leaving very soon for the Middle East, and I will try to make contacts with our people there, with our brothers in the Middle East. Maybe I will make representation with the Islamic Conference Organization to invite their attention to this problem so that they can make, you know, an appeal to the Chinese Government to not to, you know,...to resort to what we call this gunboat diplomacy.*

We should ask them, even as a superpower, to always observe international decorum. It is a matter of common knowledge that the area belongs to our people. And therefore, the powers of the world, including the People's Republic of China should, you know, recognize this truth. [end recording]

Bhutto Dismisses Pakistani Link to Abu Sayyaf

BK2402073395 Manila MANILA BULLETIN in English 19 Feb 95 p 7

[Report by Mario B. Casayuran]

[FBIS Transcribed Excerpt] Pakistan Prime Minister Mohtarma Benazir Bhutto said yesterday Pakistan does not interfere with the internal affairs of other countries, including the Philippines, where the fundamentalist Abu Sayyaf is allegedly supported by Pakistani extremists.

Bhutto said the man who allegedly tried to kill Pope John Paul II during his Manila visit last 12-16 January and had a hand in the bombing of the World Trade Center building in Manhattan, New York City, on 26 February 1993, was not a Pakistani as alleged.

"He uses a Pakistani passport," according to the visiting dignitary during a news conference hours after addressing the start of the two-day Asia-Pacific Leaders' Conference on Climate Change at the Manila Hotel. [passage omitted]

Bhutto was referring to Ramzi Yusuf who was tracked down by U.S. authorities in Pakistan, a Muslim country, and subsequently extradited to the United States.

Yusuf escaped a police dragnet after Philippine police authorities learned that his apartment on Quirino Ave. [Avenue], Malate had bombs to kill the Pope.

Reacting to a query that Philippine military intelligence agents linked some Pakistanis to the Abu Sayyaf engaged in kidnaping and sowing terrorism in Southern Mindanao, Bhutto said: "We have not received any such information. So I assume that this information is unsubstantiated. However, Pakistan is a country that believes it should not interfere with the internal affairs of other governments, and we will always take action required of us if anybody misuses his Pakistani statehood in violating any law of any country." [passage omitted]

Police: Yusuf Hard To Connect to PAL Blast

BK2402104995 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0956 GMT 24 Feb 95

[FBIS Translated Text] Chief Superintendent Romeo Acop, Philippine National Police-Criminal Investigation Service [PNP- CIS] Command chief, has said it is still difficult to connect international terrorist Ramzi Yusuf, who was arrested by the Americans in Pakistan, to the bombing of Philippine Airlines [PAL] Flight 434 last 11 December.

Acop said as of today, it is still difficult to prove that Yusuf bombed PAL Flight 434. He said although many saw and directly pointed to Yusuf as among those included in PAL Flight 434 from Cebu to Narita, Japan, they cannot positively identify that Yusuf was the one who brought and connected the bomb inside the plane.

However, Acop said they have established Yusuf's connection as the one who brought the explosive materials inside Room 603 of Josefa Building in Malate, Manila.

The PNP-CIS and PNP crime laboratory are currently establishing if the bomb materials found in PAL Flight 434 and Room 603 of Dona Josefa Building are the same. If these materials match and came from the same source, CIS' evidence will be strong and they will file appropriate charges against Yusuf in court.

The charges that will be filed against Yusuf are: murder, for the Japanese national who was killed in PAL Flight 434; five cases of multiple frustrated murder for the five persons injured in the flight; violation of Civil Aeronautics Safety Law; and, conspiracy to commit murder and assassination to a diplomat, if Yusuf is found to have planned the assassination of Pope John Paul II when the pope was in the Philippines.

Ramos Signs Armed Forces Modernization Bill

BK2302155095 Quezon City GMA-7 Radio-Television Arts Network in English 1400 GMT 23 Feb 95

[FBIS Transcribed Text] The president signed 18 bills into law today. The AFP [Armed Forces of the Philippines] Modernization Bill was one of those signed today.

GMA's David Jude Santa Ana reports:

[Begin recording] [Santa Ana] The Armed Forces finally got the funds for its modernization program, the result of eight years of lobbying and compromises with Congress. The Armed Forces was given 50 billion pesos for the first five years and was allowed to enter into multi-year defense contracts.

[Ramos] After eight or more years of patient efforts, finally has become law. [sentence as heard]

[Santa Ana] In any defense deal, Manila will insist on counter trade, coproduction, and the transfer of technology.

The signing follows China's intrusion into the Philippine zone in the disputed Spratly Islands.

[Ramos] Contrary, however, to speculations from many quarters, this law is not a reaction to recent headlines about perceived external threats. National security is just too important to be merely reacting.

[Santa Ana] Both the Air Force and the Navy will get priority. The Air Force is now going over several offers from Western and Asian firms selling high-performance fighters, air defense missiles, and radars.

Until they get new planes, the air force will buy five F-5 fighters from Jordan and South Korea. Right now, the Air Force only has five combat-capable F-5s.

While they want to buy missile-armed patrol ships capable of sustained naval operations, the Navy will give priority to training. [Chief of Naval Operations Pio] Carranza says with the new equipment, the Navy can better protect the country's maritime borders and exclusive economic zones.

But the modern Armed Forces will be a leaner one. The 100,000-strong Armed Forces will be reduced by as much as 40 percent, including the deactivation of three Army divisions.

[General Arturo Enrile, Armed Forces of the Philippines chief of staff] Part of the modernization really is the reduction of the strength. But this will be spread out in 15 years. So, we don't really have to worry. The soldiers especially need not worry that they will be attrited if they do their job very well.

[Santa Ana] Within 90 days, the Armed Forces must submit to Malacanang and Congress a complete modernization program, listing the capabilities and weapon systems they must have.

Congress may turn down some of the recommendations, but military sources said they will strongly defend this.

With all the procedures, however, actual purchases will only take place by late 1997. [end recording]

Thailand

Karen Fighters Return to Burma, Go to New Camp

BK2402044895 Bangkok BANGKOK POST in English
24 Feb 95 p 10

[FBIS Transcribed Text] About 1,000 Karen fighters yesterday moved to a new stronghold opposite Tak's Umphang District after the fall of their Kawmura base, a Thai military source said.

Kawmura, one of the major strongholds of the Karen National Union (KNU), has come under heavy attack by the troops of the Burmese military junta, the State Law and Order Restoration Council (SLORC).

The attack forced the KNU to abandon the base causing a large number of its fighters to flee across the border into Thailand for refuge.

According to the source, the Karen fighters who crossed into Thai territory to escape the intense shelling decided to go back to Burma yesterday morning.

"They crossed the border into Burma at Phop Phra District in Tak province under our supervision," the source said.

A KNU source has reportedly said that the returnees went straight to the Azin Camp which is under the jurisdiction of the KNU's Sixth Division. The camp is reportedly located opposite Ban Maechan in Umphan District.

Brig. Gen. Swe Chai, the Kawmura commander, has 2,500 fighters under his command.

Col. Sam Son of KNU's Foreign Department said "the KNU wasn't finished yet despite being forced to abandon its Kawmura base. It would continue fighting with the SLORC."

"We don't have a choice but to switch to hit-and-run guerrilla tactics. From now on we won't need a base," he said.

However, a Thai military source said the KNU still had a number of other strongholds.

Col. Direk Yam-ngamriap, the commander of Task Force 34 insisted yesterday that Thailand was assisting the Burmese refugees only for humanitarian reasons.

Col. Direk said he had sought cooperation of concerned government authorities and businessmen in five districts along the Thai-Burmese border to ensure that there were no KNU fighters among the Burmese and Karen labourers under their employment.

It was also reported yesterday that 200 villagers from Ban Wang Kaeo who fled the fighting between Burmese and Karen troops were sent home after being treated at Mae Sot Hospital.

Burmese Official Apologizes for Karen Offensive*BK2402124495 Bangkok THE NATION in English
24 Feb 95 p a4*

[FBIS Transcribed Text] Visiting Burmese Senior Military Officer Lt. Gen. Tin U apologized yesterday to the Thai army for the unfortunate burden caused by Rangoon's month-long military offensive against ethnic Karen rebels positioned along the Thai-Burmese border, according to army sources.

Tin U, who is army chief of staff and deputy secretary-general of Burma's State Law and Order Restoration Council (SLORC), was also quoted as telling Army Chief Gen. Wimon Wongwanit during their meeting that he was sympathetic to the Thai Army's difficulty in preventing Burmese fighters from crossing the shallow Moei River into Thailand.

The junta's fourth highest official also expressed his sympathy that Thailand has been the target of criticism by those countries "which enjoy the luxury of distance from Burma and do not understand relations between countries with adjacent borders".

He was quoted as telling Gen. Wimon that he believed Thailand knew where to stand and what served the national interest.

The general also asked Thailand to send all the refugees back to Burma so that they could help restore the country.

Tin U and his ten-man delegation arrived here yesterday for a three-day visit as guests of the army, and held three hours of talks with their Thai counterparts at the Army's auditorium before spending another two hours with Gen. Wimon and other senior Thai officers.

The visit began two days after Rangoon apparently clinched military control over the Burmese border area from Tak to Mae Hong Son by wiping out Karen fighters from Kawmura, their last major outpost less than a month after the fall of the Karen's Manerplaw headquarters.

It also comes at a time of tension between the two countries as Burmese shells landed in Thai territory on several occasions during the weeks-long Burmese offensive against ethnic Karen rebels at the border.

This tension prompted the postponement of two other high-level visits previously scheduled for this month—by Burma's powerful intelligence chief, Lieutenant General Khin Nyunt, and by Thai Deputy Prime Minister Suphachai Phanitchaphak.

Thai border authorities were furious not to have been alerted before the Burmese military operations against the Karen rebels took place, and to have been caught off guard when fighting erupted and triggered shelling and an influx of thousands of Karen refugees to Thailand.

Thailand has already lodged diplomatic protests about the incidents, both in Bangkok and Rangoon.

Deputy Army Chief Lt. Gen. Chettha Thanacharo reportedly led a military delegation which included the First Army Region Commander Lt. Gen. Bandit Malaisrisun to Rangoon last month and met Tin U.

Gen. Wimon yesterday defended his meeting with Tin U, saying that Thailand adhered to the policy of befriending its neighbours and not interfering in their internal affairs.

He also said the country should not follow the approach of countries, which do not share a border with Burma, as "those countries do not share our bitterness".

SRV Requests More Diplomats for Bangkok*BK2402125795 Bangkok BANGKOK POST in English
24 Feb 95 p 11*

[FBIS Transcribed Text] Vietnam wants to send two more diplomats here, according to an Interior Ministry source.

The Vietnamese embassy made the request to the Foreign Ministry to station a senior adviser and a consul here. The request has been passed to the Interior Ministry, the source said.

The move is seen as a bid by Vietnam to seek a listing in the Association of Southeast Asian Nations, which is due to meet in Brunei in July.

The embassy has 40 Vietnamese officials, including those dealing with aviation and tourism affairs, whereas the Thai embassy in Hanoi has 21 officials and plans no additional staff there, the source said.

The two new Vietnamese officials might be assigned to a Vietnamese consulate in Khon Kaen, first mooted by Hanoi last year. The plan is being considered by the Thai authorities.

Khon Kaen was probably chosen because there are over 20,000 Vietnamese living in Thailand's Northeast. They took refuge there during the war against the French, and the number excludes their children born in Thailand.

Several delegations of senior Vietnamese officials, including the secretary-general of the Vietnamese Communist Party, visited Thailand last year. They all met Vietnamese people in the Northeast.

Vietnamese drama troupes perform regularly in Thailand.

'Vision' Urged in Setting National APEC Role*BK2402033495 Bangkok THE NATION in English
23 Feb 95 p A6*

[Article by Foreign Ministry officials Somchai Sutthaphong and Athiphan Chanyasak: "Thailand Needs Vision for Role in APEC"]

[FBIS Transcribed Text] While the smoke of November's Apec [Asia-Pacific Economic Cooperation] Summit at Bogor, Indonesia, has not yet dispersed, the Japanese hosts of this year's leaders meeting are rigorously preparing for November summit with a view to achieving no less significant results than last year's seemingly successful declaration. The Bogor Declaration set the tone for more concrete action plans that will pave the way for the so-called Apec Free Trade Area in 2020.

However, one must bear in mind that the declaration is merely a piece of paper that member economies agree in principle to launch constructive cooperation, without legal binding, for the sake of avoiding ridiculous rifts. This is a key reason why Malaysian Prime Minister Dr Mahathir Mohamed joined forces with President Suharto to promote what was previously thought to be a dead issue.

Basically, the host will endeavour, as claimed, to set specific strategic guidelines for Apec that will govern the full spectrum of Apec activities into the 21st century. Formulating an action agenda to carry out the decisions of the Bogor Declaration will be a crucial task for Apec 1995. More specifically, the themes of the forthcoming Osaka Summit comprise three elements: trade and investment liberalization, trade and investment facilitation, and development cooperation.

The first two elements are of great interest to developed countries while the third element is strongly supported by developing countries. In this connection, the success of this year's summit hinges on how the above-mentioned elements are perfectly and equally blended into a cup of coffee that every member economy enjoys sipping.

As one can imagine, this is an insurmountable task. Developed member economies are unlikely to give full support to development cooperation if there is a financing aspect involved, since they are expected to become donor economies de facto. On the other side of the coin, developing economies tend not to want to shift gear fully towards liberalization and facilitation in trade and investment, as badly needed by major countries, inasmuch as the big pie is predominantly shared by developed economies.

With regard to the concrete action plan to pursue free and open trade and investment in Apec, Japan has arranged a special action-oriented meeting of senior officials [SOM]—Special SOM—to handle such an issue. Is Japan fully supportive, and does it really want an Apec free trade area? The answer is obviously negative. So, what is the rationale behind this astute set up?

This Special SOM will be conducted back-to-back with the regular SOM. Such an initiative, in our view, is a sleight of hand on the part of the Japanese. It means Japan can show to all Apec members, particularly those with developed economies, that the sentiment of open regionalism embedded in the Bogor Declaration has

been taken care of and carried out in an appropriate and innovative fashion. However, Japan is not laying out all its cards. It is holding a winning card that may surprise many free-trade hunting nations.

This key card is forceful support for interweaving the element of development cooperation into the Apec process. To this effect, Japan's strategic action is to introduce this aspect in the most ambiguous and broad way possible. The "Partners for Progress" project initiated by Japan best exemplifies its intention. The goal of the project is to supplement the ongoing activities of Apec forum in the sector of economic cooperation to advance the goals of Apec, as well as to provide a framework for gauging their concrete progress. Such a framework will also be applied to new sectors of cooperation which appear in the future. The project definitely receives strong endorsement from all developing economies whereas developed economies stare enviously and doubtfully behind the scenes.

More specifically, the project is tantamount to universal development cooperation that tends to create endless discussion for the whole year leading up to the summit. The discussion will annoy developed economies to a greater extent and occupy a lot of the time-slot allotted to the elaboration of free trade and investment modality that is expected to be achieved by November 1995.

What then will be the concrete action plan or resolve pertaining to the mechanism that paves the way for what the Eminent Persons Group (EPG) insists on calling the free and open trade and investment Apec region? We envisage that to save face for the Japanese hosts, what will be achieved this year is some kind of a sweet-smelling-Sakura Osaka Declaration that allows member economies to voluntarily or unilaterally submit their programmes of actions to lower or eliminate tariff and non-tariff barriers as well as any obstacles to trade and investment. This will put the negotiated programme of action, anticipated by developed economies, into the coffin temporarily for 1995 and next year when Japan relays the torch to the Philippines.

One element that is expected to overshadow the hot-potato issue of free and open trade and investment is developmental and technical cooperation. This year, Japan and the Philippines are the nucleus of such cooperation. Japan, with a cunning tactic, will eventually be able to find an appropriate modality for its "Partners for Progress" project.

Meanwhile, the Philippines will vigorously keep the momentum of this-issue rolling into the 1996 Apec Summit in Philippines. We are confident that the agenda for next year's Apec meetings will have an abundance of human resource development-related projects which are of great benefit to developing economies.

We wager that the concrete action plan for finalizing and speeding up liberalization of trade and investment will be the main theme of the 1997 Apec Summit hosted by

Canada. By that time, the Apec Free Trade Area will once again be in the limelight of the media and free-trade seeking member economies.

Since its inception in 1989, Apec has grown leaps and bounds. Its scope of cooperation covers almost all of the trade and investment related areas. Naturally developed and developing economies do not always have mutual benefits in certain areas of cooperation. They are likely to propose initiatives that they deem beneficial to their sides such as competition policy (New Zealand and Canada), environment (Canada), investment principles (the US), intellectual property (Canada and the US), small and medium enterprises (Chinese Taipei), and human resource development and technical cooperation (Philippines, Japan, and Thailand), to name a few. Many seem puzzled as to how a seven-year-old Apec child can handle such broadening and deepening issues of cooperation.

Now, let us look back to Thailand. What will be the stance of Thailand pertaining to Apec? Do we have any strategic plans to ensure a bigger slice of the pie? There are many questions that need to be addressed by individuals and business interests as well as the public bodies concerned. Thailand, we believe, can reap enormous benefits from the Apec fora if those involved are well-prepared and equipped with visions-cum-actions.

EU Continues Piracy Investigation

*BK2402014595 Bangkok BANGKOK POST in English
23 Feb 95 p 30*

[FBIS Transcribed Text] The European Union has delayed its plan to suspend investigation of piracy of copyright works by Thai companies because of reports of widespread piracy of compact discs here.

A Commerce Ministry source said the EU has informed the Thai side that it appreciates the efforts made to crack down on piracy, but it cannot officially announce the suspension of the investigation because of negative reports in local newspapers.

The source said the illegal compact discs were not locally produced but were imported from neighbouring countries where production costs are considerably lower.

The EU has investigated the case and discovered that Thailand does not have the capacity to produce such quantities of illegal products. However at this stage it cannot announce the suspension of the investigation, the source said.

A.J. Stewart of the European Commission's Directorate General, External Economic Relations, came to investigate the progress made by the Thai government in dealing with pirated copies. Mr Stewart issued the letter to confirm delay of the suspension this week.

The EU claimed that Thailand has widely pirated its copyright works and threatened to withdraw tariff privileges, but both sides later agreed to set up a tripartite committee to monitor the case.

The source said the EU, particularly France, is still concerned about the counterfeiting of trademarks in Thailand, but the Thai side strongly insisted that the Economic Crime Investigation Division had fully implemented the law. However, the result may not satisfy the EU side.

France is very concerned about the faking of its products, which it believes accounts for about 80 percent of total production. The French government issued a law last year to ban import of fake products to the country even in small quantities for personal use.

"People who wanted to enter France could not wear fake products, and if they did so and this was discovered by customs officials, they would be forced to take them off or face a fine," a source said.

In another development, Deputy Commerce Minister Kopsak Saphawasu said Japan's Intellectual Property Association visited Thailand to observe the progress of intellectual protection in the region.

Thailand is among three countries selected by the Japanese delegation for the visit because the country has an important role in protecting intellectual property in the Mekong sub-region. The other two countries were Indonesia and Vietnam.

The Japanese government has granted 432 million yen to Thailand to establish a patent center in the country with the intention of benefiting the Thai people in applying for patent registration.

Mr Kopsak said he asked the Japanese delegation to invest more in Thailand, and the country will fully extend protection of their intellectual property rights.

*** Daily Reports on Number of Workers in Libya 95P30041A**

[FBIS Editorial Report] The 3 January Bangkok daily MATICHON in Thai published on page 25 an article by Phasakon Chamlongrat discussing the numbers of Thai workers overseas, primarily in the Middle East. Phasakon noted that Thais have been employed in Libya for more than 10 years and that presently there are about 6,500 workers there. "Most are employed in the construction and oil industries, with the most significant project being the artificial river project," he noted. The Thais are building large pipes to bring underground water supplies in southern Libya to the main cities in the north, a distance of about 2,000 km. The contractor is a South Korean construction company. About 2,300 Thai workers are engaged in this project. According to Phasakon, the Libyans retaliated against Thailand for the United Nations' sanctions by laying off and repatriating Thai workers, so their numbers have been "dropping steadily."

Extradition Hearing on Former MP Postponed

*BK2402124895 Bangkok BANGKOK POST in English
24 Feb 95 p 3*

[FBIS Transcribed Text] The Criminal Court yesterday postponed an extradition hearing for former Chat Thai Party MP Thanong Siriprichaphong to March 7.

The United States has asked Thailand to extradite Mr. Thanong to stand trial at a U.S. court on charges of smuggling 49 tons of marijuana between 1977 and 1987.

Responding to the request, the Government asked the Office of the Supreme Attorney-General to seek a court ruling whether to extradite Mr. Thanong, based on evidence supplied by the U.S.

The court late last month issued a warrant for Mr. Thanong's arrest and the former Nakhon Phanom MP subsequently reported to the police early this month. He has been detained at Bangkok Special Prison.

Mr. Thanong was brought to the courtroom at about 9.50 a.m. yesterday. His lawyer Prachum Thongmi submitted to the court a birth certificate and domicile registration paper to show that Mr. Thanong is a Thai national by birth.

The lawyer then asked the court to postpone the trial, reasoning he had not received related documents from the Foreign Ministry to prepare for a cross-examination of prosecution witnesses.

Khemchai Chutiwong, a special prosecutor handling the case, said the prosecution has four witnesses. They are officials of the Foreign Ministry, Interior Ministry, Police Department and Cabinet Secretariat who will explain steps taken by the U.S. to seek Mr. Thanong's extradition and how Thai agencies responded.

Mr. Khemchai said the prosecution received the documents from the Foreign Ministry on Wednesday, so they had not yet been handed to Mr. Prachum.

The prosecutor said he did not think a comment by Supreme Court President Praman Chansu that the Thai law does not allow for Mr. Thanong's extradition was guidance for the court to follow because Mr. Thanong's trial would end only at the Appeals Court, not the Supreme Court.

Foreign Reserves 'Depleted' To Save Baht

*BK2402121795 Bangkok THE NATION in English
24 Feb 95 p 14*

[FBIS Transcribed Text] The Bank of Thailand said yesterday that in January foreign reserves had been depleted by U.S. \$370 million to defend the baht when it was hit by unfounded panic-selling after the Mexican crisis last month.

Nopphamat Manolihakun, the Bank of Thailand spokesman, said that although reserves declined to U.S.

\$29.906 billion—from U.S. \$30.279 billion at the end of December last year—this is still high as it is equivalent to 6.6 months' worth of imports.

Outflows last month totalled Bt20 billion, of which Bt18 billion went out in the form of non-resident baht accounts and the remaining Bt2 billion via the stock market, she said.

Although commercial banks mobilized as much as Bt20 billion in foreign loans and the government also took in some foreign loans, capital inflow in January still declined to Bt11 billion compared to an inflow of Bt51 billion in December 1994.

The decrease of the net capital inflow hit the country's balance of payments. January's balance of payments ran into Bt12 billion deficit.

The aftermath of the currency crisis last month has also contributed to the trend towards rising interest rates. The premium for dollar forwards has risen to 5-5.5 percent annually from 1.5-2 percent per annum last year.

Exports last month came to Bt92.5 billion while imports were valued at Bt121.2 billion. The country therefore recorded a Bt28.7 billion trade deficit. Although last month's service account increased by Bt10 billion as the country does not have as much of a debt burden as it used to, Thailand still suffered a current account deficit of Bt18.7 billion last month.

According to Nopphamat, loan extension still actively expanded last month. Loans under Bangkok International Banking Facilities (BIBF) increased by 30.3 percent, accounting for an outstanding loan of Bt3,509 billion. Bank deposits increased by 14.3 percent last month compared to 13.3 percent expansion rate by the end of 1994.

The loan to deposit ratio rose to 129.5. But if BIBF loans are excluded, the ratio falls to 112.

However, the government enjoys fiscal surplus of Bt9.6 billion as it can collect 27 percent more revenue. The government can collect 77 percent more corporate tax than last year. It can collect 33 percent more personal income tax and 33.7 percent more value added tax.

Growth in the industrial production index slowed for the third consecutive month. It rose by 8.9 per cent in January. Production is slow to increase due to sluggishness in the construction industry.

Private sector investment meanwhile rose for the sixth consecutive month. It rose 115.6 percent last month.

Vietnam

Assembly Delegation Visits European Parliament

BK2402122095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Feb 95

[FBIS Translated Text] According to a VIETNAM NEWS AGENCY correspondent based in Paris, at the

invitation of the European Parliament, a high level delegation of the Vietnamese National Assembly led by Chairman Nong Duc Manh paid an official visit to Brussels from 20 to 21 February. Brussels is the capital of Belgium and is where the European Parliament is based.

Mrs. (Leanne Fontain), first deputy speaker and acting speaker of the European Parliament warmly received Chairman Nong Duc Manh. Our National Assembly delegation also held talks with members of the European Parliament. In the talks, the two sides expressed their delight at how relations have been improving and confirmed their wish to consolidate and strengthen relations between the two parliaments. The European Parliament members also offered suggestions to establish and broaden relations between the two bodies. They considered this a priority in the European Parliament's development strategy for Asia.

Cooperation Discussed

BK2402015995 Hanoi VNA in English 0618 GMT 23 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 23—The Vietnamese National Assembly and the European Parliament [EP] have agreed to discuss concrete steps towards official representation of the latter in Vietnam and the signing of the framework agreement for cooperation between the European Union and Vietnam.

The decision was taken during talks in Brussels between a Vietnamese delegation led by N. A Chairman Nong Duc Manh and a delegation of the European Parliament led by Dr. Gunter Rinsche, head of the EP delegation for relations with the member states of ASEAN, South-East Asia and the Republic of Korea and chairman of the conference of delegations' chairman.

The Vietnamese delegation which was in the Belgian capital from Feb. 20-21 was received by the acting speaker of the European Parliament, Ms. N. Fontaine. During their contacts, both sides expressed their wishes to strengthen their ties for better mutual understanding and mutual assistance.

The Vietnamese delegation, among other subjects, told the EP of continuing efforts in Vietnam to combat bureaucracy and corruption and guarantee broad freedoms in political and social life.

Spokesman Views Repatriation Talks With Germany

BK2302161195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 23 Feb 95

[FBIS Translated Text] Answering questions from a VIETNAM NEWS AGENCY correspondent today regarding the announcements made by the spokesmen of the Interior and Economic Cooperation Ministries of the Federal Republic of Germany as well as news items in

German papers regarding the negotiations between Vietnamese and German Governments on the issue of Vietnam nationals who are not permitted to stay in Germany, our Foreign Ministry spokesman said:

Vietnam has righteously followed the content and spirit of the letter exchanged between Prime Minister Vo Van Kiet and Chancellor Helmut Kohl, as well as the communique on the expansion and consolidation of relations between the Socialist Republic of Vietnam and the Federal Republic of Germany signed on 6 January 1995 in Ho Chi Minh City. Vietnam has tried its best to cooperate with the German side to bring about an appropriate solution to the issue. In the communique, the German authorities pledged financial assistance for the reintegration of Vietnamese nationals who are not allowed to reside in Germany. Vietnam's viewpoint is that this humanitarian assistance will be used in programs aimed at helping repatriates and meeting the necessary costs of the agreement's implementation as well as initial costs, including the cost of organizing their reception. This is the way Vietnam has handled the same issue with other countries.

Vietnam has handed concrete suggestions to the German side on this issue and is waiting for a response before a delegation is sent to Bonn for talks. Vietnam hopes the German side will show goodwill and understanding in resolving the issue and will not let it become an obstruction to relations between the two countries as outlined in the letter exchanged by the two leaders and the communique issued in Ho Chi Minh City.

Le Duc Anh Receives Japanese Keidanren Mission

BK2402085395 Hanoi VNA in English 1521 GMT 23 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 23—President Le Duc Anh received here this afternoon a Japanese delegation from Keidanren (the Federation of Economic Organizations) led by its chairman Shoichiro Toyoda.

President Le Duc Anh hailed the delegation's four-day visit to Vietnam started Feb. 21 as a manifestation of the fine development of the economic cooperation between Vietnam and Japan. He extended his thanks to the government, people and business circle of Japan for their assistance to Vietnam in its current national reconstruction. He expressed his belief that the two countries' friendship and cooperation in economy, trade, science and technology, and culture would be unceasingly consolidated and developed.

The head of the Keidanren delegation expressed his pleasure at the new step of development of Vietnam's economic renovation. He also made a presentation to his host (on) the delegation's activities in Vietnam, which aimed at boosting the economic ties between the two

countries, thus contributing to the existing time-honoured friendship between the people of Japan and Vietnam.

**Ministry: BBC Human Rights Report
'Fabrication'**

BK2302152595 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 23 Feb 95

[FBIS Translated Text] In reply to a question raised by the VIETNAM NEWS AGENCY about today's BBC dispatch regarding a report by the United Nations human rights investigation team on Vietnam, a Vietnamese Foreign Ministry spokesman made it clear that:

1. As a sovereign country, there is no reason for Vietnam to allow a delegation from a foreign country or international organization to investigate the so-called human rights situation in Vietnam in response to slanderous allegations by hostile forces attempting to oppose Vietnam. This would constitute a violation of Vietnam's sovereignty and interference in its internal affairs at variance with the elementary principles of international relations. Therefore, the BBC dispatch on the arrival of a United Nations human rights investigation team in Vietnam is a fabrication.

2. On the basis of normal relations between a UN member country and a professional body of the United Nations, in October 1994 Vietnam invited the leader of the UN working group on detention issues to visit Vietnam. As agreed, the purpose of the visit was to enable the group to study Vietnamese law governing the execution of court verdicts in Vietnam. There was absolutely nothing to do with any investigation. The visit attained certain positive results, but regrettably Western news agencies have distorted the truth, causing misunderstanding among the public.

Vo Van Kiet Meets With Ha Giang Leaders

BK2402083295 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Feb 95

[FBIS Translated Text] Prime Minister Vo Van Kiet and representatives of ministries and sectors at the central level held a working session on 21 February with the leaders of Ha Giang Province, a pilot province for government guidance on socioeconomic development for mountain provinces, to review the fulfillment of socioeconomic targets for 1994 and orientations for development targets in 1995.

Prime Minister Vo Van Kiet pointed out that in 1995 Ha Giang should be able to create more significant changes for the better in the economic development of the locality as a whole and in each sector and village in the direction of developing a commodity-producing economy. Intensive focus should be placed on investment in infrastructure such as transport, electricity, and communications. In the domains of culture and social welfare, Prime Minister Vo Van Kiet suggested that Ha

Giang pay more attention to education and public health service, the renovation of communications work at the grassroots level, and the plan to train technical and management staff for the local people to respond to both short and long term socioeconomic development demands.

'Regular' Meeting Views Administrative Reform

BK2402083795 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 23 Feb 95

[FBIS Translated Text] The government held a regular meeting in Hanoi on 22 and 23 February under the direction of Prime Minister Vo Van Kiet. Cabinet members heard Government Office Minister Le Xuan Trinh report on the socioeconomic situation over the first two months of 1995 and on the government's plan to implement the party Central Committee's eighth plenum resolution with emphasis placed on further improving the state administration.

During their discussions, the cabinet members noted the efforts of various sectors and localities in the areas of agricultural and industrial production, capital construction, public order and security, foreign relations, foreign investment cooperation, and caring for the people's lives, especially during the Tet lunar new year.

The government highly appreciated various sectors and localities and the people for their observance of the prime minister's directive banning the manufacture, transport, and use of firecrackers.

The cabinet members unanimously agreed on the need to intensify their close and timely guidance in the areas of finance, money circulation, price, export and import, social order and safety, and so forth.

The cabinet members unanimously agreed with the government's 1995 plan to implement the party Central Committee's eighth plenum resolution with the main aim of renovating the administrative institution, gradually readjusting the state administrative apparatus to make it streamlined and compact in accordance with the new mechanism, providing training and additional training to administrative cadres and civil servants, and further purifying the administrative apparatus.

The cabinet members also heard and discussed a report by a representative of the Cadastral General Department on the situation regarding the implementation of the law on land and orientations for the zoning and use of land until the year 2000.

The meeting concluded with a speech by Prime Minister Vo Van Kiet.

*** Party Holds Conference on Role, Leadership**

95P30057A Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 Jan 95 pp 1,5

[FBIS Translated Text] On the occasion of the Party's 65th anniversary, a conference on the Party's role and

creative leadership over the past 65 years was held in Ho Chi Minh City on 12 January by the city's Municipal Party Committee on Ideology and Culture, in coordination with the Municipal Social Science Committee and the Municipal Party History Research Committee. Comrade Tran Trong Tan, member of the CPV Central Committee and Ho Chi Minh City CPV deputy secretary, chaired the conference. Comrade Pham Van Hung, member of the Municipal Standing Committee and head of the Municipal Party Organization, and Doan Thanh Huong, chairman of the Municipal Social Science Committee, attended the conference together with many other social science research and academic officials. Papers presented at the conference included: "Develop Party Quality, a Traditional Characteristic of the Municipal Party Organization in Current Party Building Work," by Pham Quang; "The Vietnamese Communist Party Is the Sole Force Leading the Vietnamese Revolution to Victory" by Nguyen Thanh Binh; "The Party's Solidarity Unity Bloc Is an Important Element Creating the Party's Strength" by Ho Thi Thien; "The People and the Party, a Deep Relationship" by Hai Ngoc; "A Critique of Arguments Denying CPV Leadership" by Ho Thanh Khoi. Comrade Tran Trong Tan presented a paper on "The Party's Creativity in Leading Renovation Work." Comrade Pham Van Hung contributed to the conference with his paper on "Lessons Learned From Realities in Party's Renovation, Revamping Campaign Work."

All the papers highlighted the CPV's leading role in the people's revolutionary struggle and its creativity in each period, confirming that the CPV is the sole force with the capability to lead the Vietnamese revolution to victory, realizing the goals of "a rich people, a strong nation, and a just and cultured society." The conference also pointed out the creativity of the CPV and the Ho Chi Minh City Party organization in their renovation work, and proposed measures for party building in the new situation.

* Communique Attacks Buddhist Group

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 14 Nov 94 pp 1,2

[Communique issued by the HCMC Municipal Fatherland Front Committee; place and date not given]

[FBIS Translated Excerpt] [Passage omitted] Recently a number of people using the labels "Vietnam Unified Buddhist Church," "Monks Protecting the True Faith," and "Committee for Cultural-Social-Charitable Affairs"—troublemaking organizations not authorized by the State—have claimed that they are working for the Mekong Delta flood relief campaign, but in fact are sowing dissension among Buddhists, splitting the solidarity of our entire population, and harming the interests of the Buddhist clergy and laity who merely wish to be left in peace to study and practice their religion, do good, and serve the Fatherland and the people. The

people and the Buddhist clergy and laity have cooperated with the authorities to smash these schemes in order to ensure that Buddhist relief work can be conducted normally.

To prevent the people, the Buddhist clergy, and laity from being exploited by malefactors, the Ho Chi Minh City Municipal Fatherland Front Committee has issued this announcement:

"After peace, independence, and unity were restored to our country, in response to the earnest and legitimate aspirations of the country's Buddhists, the Vietnam Buddhist Congress was held in November 1981, attended by 165 representatives from nine church and sect organizations, including the Vietnam Unified Buddhist Church. The congress ratified the Vietnam Buddhist Charter which promoted unity among Buddhists and manifested their faith's principles of selflessness, altruism, and peace. The congress also agreed on adopting the 'Vietnam Buddhist Church', as the sole legal body representing Vietnamese Buddhism in all domestic and international relations. As such, it was officially recognized by the State and became a member-organization of the Vietnam Fatherland Front.

"Since the creation of the Vietnam Buddhist Church, any persons still claiming to act on behalf of a Vietnam Unified Buddhist Church in any manner are merely individual troublemakers violating the Charter of the Vietnam Buddhist Church and the laws of the Socialist Republic of Vietnam.

"We must make efforts to further strengthen the solidarity of our entire population, to carry out our country's proper and accepted religious policy, and to help the Vietnam Buddhist Church unite Buddhists throughout the country as part of the drive to bring about a rich population in a powerful nation and a just and cultured society, all for the independence of the Fatherland and the people's freedom and happiness. At the same time, we must resolutely combat bad elements instigating ethnic or religious division, who sabotage our national solidarity and disrupt the peaceful lives of our people, the Buddhist clergy, and laity."

TAP CHI CONG SAN

* TAP CHI CONG SAN for December 1994

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* Our Army Will Always Be an Army of the People That Fights for the People

953E0008B Hanoi TAP CHI CONG SAN in Vietnamese Dec 94 pp 8-12, 17

[Article by Senior General Doan Khue, a member of the Politburo and minister of national defense]

[FBIS Translated Excerpt] [Passage omitted] Along with the military exploits that have been recorded in our nation's history, such as the brilliant phenomena of an army of the people that has fought for the people, the people's army has also started heroic traditions and taught invaluable lessons. Here, I would like to mention a number of the main lessons and discuss how those lessons are being applied, improved, and developed in order to build the people's army in the new revolutionary period.

1. Above all, the Communist Party of Vietnam and President Ho Chi Minh directly organized, led, and educated the revolutionary armed forces and the people's army.

The Vietnam People's Army was built and expanded and it fought in accord with the party's principles on building a new type of military—the principles of building an army with a working class and deeply national character. This was the main tool of armed violence of the party and state that, together with all the people, enabled us to seize power, liberate the nation, and defend the fatherland and the new system—people's democracy and socialism. This army, which sprang from the people, fought for the people and fulfilled the aspiration of the people and nation, that is, that "there is nothing more precious than independence and freedom." Because of it, "our country gained its independence, the nation became completely free, and everyone had food and clothing and could attend school." The army's three functions have been to fight, work, and produce.

The party's revolutionary line, military line, people's warfare line, and line of building people's armed forces are the invincible banners of our army. Following these banners, the people's army has developed from nothing, grown, and become strong, becoming stronger and stronger with each battle and scoring brilliant victories. Clearly, the growth and strength of the people's army stems primarily from the leadership of the party and President Ho Chi Minh—from the revolutionary, scientific, creative, and independent lines of the vanguard unit of the Vietnam working class.

Today, the decisive thing is to further strengthen the absolute and direct leadership of the party with respect to the people's army and improve the working class nature and national character of the people's army.

The party's lines on renovating socialism, building an all-people's national defense, and building people's armed forces highlight the leadership position of the working class and the ownership rights of the people—

the root of building socialism and defending our socialist fatherland. Strengthening the leadership of the party and maintaining the working class nature of the people's army will enable the people's army to adhere firmly to its function of defending the fatherland and the renovated socialist system being built in our country and of defending the party and the Socialist Republic of Vietnam.

This is the basic long-term and unchanging combat target of the people's army. At a time when socialism is collapsing in many countries and enemy forces are plotting to destroy socialism in our country before the start of the 21st Century, firmly defending our socialist system is of great importance and an expression of the working class nature of the people's army. The Vietnamese working class, the working class in control, must protect the basic rights and vital interests of the people and the entire nation. This shows the national character of the people's army. Firmly defending our national independence, the sovereignty and territorial integrity of our Vietnamese fatherland, and the lives, property, and ownership rights of the people and protecting the national character are the very basic and long-term combat targets of the people's army. Only with the leadership of the party will the people's army really be able to represent the basic interests of the people and the entire nation.

A new development in the working class nature and national character of the people's army is the dialectical unity among maintaining national independence, defending national sovereignty, defending socialism, and resisting both foreign and domestic enemies. This is because a fatherland that is really controlled by the people must be a socialist fatherland. Socialism can be built only in certain nations. Renovated socialism in our country must be a socialism with the features of the Vietnamese people and country. The interests of the working class must not be opposed to those of the people and nation. And socialism cannot be placed in opposition to national independence.

The patriotism and love for socialism of the people's army is manifested by the fact that the army, together with all the people, is firmly defending our socialist Vietnamese fatherland in peacetime, solidifying peace, protecting the peacetime labor movement to build and develop the country in all respects, defeating the plots of the enemy in peacetime, and blocking the threat of armed conflict and war. And it is prepared to serve as the activist for all the people in defeating a war of aggression. This means defending the fatherland and our system based on the best plan—not having to go to war. At the same time, the army must be prepared to defeat any type of aggressive action by the enemy. The initial achievements scored in implementing the party's renovation line in building the economy and solidifying national defense and security have affirmed the real capabilities of this plan.

2. The people's army has been built and it has matured and won victories based on the principle of arming all the people. President Ho Chi Minh taught us that "because our resistance is a resistance of all the people, all the people must be mobilized and armed." He constantly taught the people's armed forces that they must remain close to the people. "Staying close to the people will enable the army to gain the confidence and affection of the people." This makes creative use of our nation's patriotic military concept of "all the people are soldiers." And this makes good use of the Marxist-Leninist viewpoint on the decisive role of the masses in a revolutionary war.

A half century of carrying on a successful armed uprising and patriotic war has confirmed that in building the army according to the principle of arming all the people, our army has really become an army of the people, by the people, and for the people. Our army sprang from the political forces of the masses, and it has been built and developed based on the powerful forces of the people. It relies on the integrated strength of all the people and the new system. Organizing three types of forces (main forces, local forces, and militia and self-defense forces) to serve as the activists for all the people in attacking the enemy manifests the principle of arming all the people. This entails closely coordinating the combat strength of the people's army, by combining the main forces and local forces, with the combat strength of the militia and self-defense forces, the revolutionary mass armed forces consisting of millions of citizens bearing arms to oppose the enemy in the streets and villages. With this organization, or three types of military forces, the people's army has carried out its role of serving as the activist for all the people in attacking the enemy. And the people have participated in attacking the enemy with every type of weapon available. The army has looked after and nurtured things, defended things, created an invincible strength, and defeated every enemy.

The people's army, which has been built and which has fought based on the viewpoint of arming all the people, has grown from guerrilla units to a regular revolutionary army that is gradually modernizing. From having only infantry units, our military now has various branches of service and various technical branches combined with a variety of organizational forms that are highly effective in striking the enemy. From waging guerrilla warfare, the military has advanced to waging regular and more modern warfare involving coordination between the various branches of service and the various services and coordination between the various types of forces.

To make use of the viewpoint of arming all the people in the new conditions, the organization of the people's army, particularly the main forces, must be renovated and perfected in line with "building a professional and more modern regular revolutionary army."

Above all, the organization of the people's army must be suitable for peacetime and be closely tied to the political

system, state organization, and the organization of all of society. It must coordinate things closely with the people's public security forces so that it will have sufficient strength, together with all the people, to block and defeat the strategy of "peaceful evolution" and the destructive plots of the enemy forces in and outside the country, to smash the aggressive intentions of the imperialists, and to be prepared to wage a successful people's war to defend the fatherland. Building a people's army suited to peacetime means that the people's army must be stronger than ever so that it can complete the tasks in peacetime and maintain peace and stability in order to build a prosperous people, strong country, and just and civilized society and prevent war from breaking out. Naturally, the people's army must be ready, together with all the people, to defeat all forms of aggression. It must be fully prepared for war in order to prevent war.

Based on organizing three types of forces in accord with the new situation, efforts must be concentrated on building the people's army, particularly the main forces. The standing forces and reserve forces must be regarded as the two basic forces for building and expanding the people's army. The system used to lead, control, and command the people's army must be perfected based on strengthening the leadership of the party, improving the management effectiveness of the state, and simplifying and modernizing the command system. The branches of service, services, and corps [binh doan] must be organized based on a strong but simple structure and table of organization. The combat strength of the navy, air force, and air defense forces must be increased. The ability of the ground forces to launch surprise attacks must be increased, and their mobility and firepower must be increased. Various ways of organizing the troops and forces in accord with specific combat targets and different types of battlefields must be studied. The effectiveness of the weapons systems and technical equipment of the people's army must be improved based on making good use of and maintaining the existing weapons and means, actively producing various types of weapons and technology when possible, improving and modernizing certain types of equipment, and purchasing a number of types of modern weapons when necessary. The defense industry must be built and expanded gradually based on industrializing and modernizing the country. The policies on building the people's army must be fundamentally renovated. Those laws pertaining to building the people's army, solidifying all-people's national defense, and defending the fatherland must be amended and perfected. We must continue to turn the lines, viewpoints, and resolutions of the party on building the army into law. With respect to the state, regulations and statutes on the activities of the people's army must be promulgated, building a regular army must be promoted, socialist law in the army must be strengthened, and the task of building a people's army in a law-governed state that is led by the party must be carried out well.

3. The people's army represents the strength of a nation that is small in terms of both population and physical size and that is economically underdeveloped but that has high solidarity. "Using a just cause to defeat brutality," with the correct leadership of the party and President Ho, the army has defeated the great imperialists and successfully implemented the idea of "using the small to defeat the large and using few to defeat many." In the armed uprising and in the patriotic wars, the three military forces, particularly the people's army, have led the way in defeating large military units equipped with modern weapons and backed by great military potential.

This is a major victory in coordinating the decisive factors of man, weapons, and technical equipment. Specifically, we have coordinated our absolute political and spiritual advantages and the combat skills, intelligence, and creativity of our cadres and soldiers with the existing weapons and technical equipment, which includes rudimentary, relatively modern, and modern weapons and equipment. This coordination has built and developed the armed combat arts of people's warfare, military arts that have enabled a small army to defeat a larger foe. These arts have basic special characteristics. They are based on the strength of a just war, on the strength of all the people attacking the enemy, and on manifesting the impenetrable position of people's warfare. The armed struggle has been coordinated with other struggles, above all the political struggle. The combat strengths of the three military forces and of the mobile and on-the-spot forces have been coordinated. Warfare using main-force corps has been coordinated with local people's warfare, and guerrilla warfare has been coordinated with regular warfare, with the position of modern warfare constantly upgraded. Offense has been coordinated with counter-attack and defense, with offense regarded as the basic and general mode of warfare. Small, medium, and large-scale attacks have been coordinated, with large-scale attacks being developed constantly, in order to annihilate the important enemy elements along the main lines. Our forces have divided, dispersed, and encircled the enemy troops in combat and strategic operations. These arts have punched deep holes in the basic weaknesses of those enemy units waging an unjust war in the country, intensified the conflict between concentrating and dispersing their forces, and greatly increased the combat strength of the people's army on the battlefield.

Based on improving and developing the experiences of our army and people in armed struggle and revolutionary warfare during the past 50 years, the military arts of the people's army must be perfected in the new stage. Those are the military arts of a people's war to defend the fatherland based on the viewpoint of "all the people fighting the enemy," attacking the enemy using integrated strength, using "the just cause to defeat the brutal," and using the small to defeat the large and using few to defeat many.

In peacetime, we must study and further develop our combat arts to oppose turmoil and collapse, to oppose

armed counterrevolutionary activities, resist encroachments into our territory on land, at sea, and on our islands, and oppose armed aggression.

We must study and develop the military arts of people's war to defend the fatherland and oppose the wars of aggression of the imperialists, who have "high-tech weapons" and "smart weapons." The combat arts of the infantry and corps using weapons in the table of organization and equipment (shoulder carried) must be used in conjunction with the defense zones of the provinces and municipalities and of the wards and districts. Methods of attack must be developed in order to attack the enemy from longer distances and to resist air and sea attacks by aircraft and missiles having high firepower, attacks that the enemy can carry on for long periods. Methods of attacking the enemy from long distances must be studied in order to block and nullify enemy offensives launched from far away. The sea and air combat arts and anti-aircraft arts of the navy, air force, and air-defense forces must be developed and perfected based on the lessons learned during the resistance against America. Attention must be given to studying and determining the special characteristics of the mountainous jungle, lowland, and coastal areas and battlefields at sea and in the air in order to determine combat forms to prevent the closure of air and sea routes, prevent encirclement, oppose blockades, and defend our islands, archipelagoes, and important zones on the mainland. Electronic and biological combat arts and the art of deception and camouflage must be developed so that when an enemy invades, modern means of information and electronic surveillance can be used. More experience must be gained concerning the coordinated use of rudimentary, relatively modern, and modern weapons and equipment.

4. The ranks of cadres of the people's armed forces and people's army have been built and expanded in accord with class guidelines. They are absolutely loyal to the revolution of the party, they are loyal to the country and devoted to the people, and they have great love for the soldiers. They are skilled in the arts of war and have completed all of the tasks assigned to them by the party and state in an outstanding manner. These are cadres who have been tested and who have matured in the long armed struggle of our nation. They understand and have successfully implemented the military ideas and lines of the party, the military concepts of Marxism-Leninism, and the patriotic military traditions of our nation. Imbued with the teaching of President Ho Chi Minh, the cadres have forged the characteristics of command cadres and leaders of the people's army, that is, "intelligence, bravery, humanity, trust, integrity, and loyalty (Ho Chi Minh, "Qualifications of a General"). The various-echelon cadres in the people's army have constantly improved their knowledge of military science and the military arts of people's warfare. They have improved their leadership, command, and management capabilities and nurtured and educated the soldiers. The

ranks of military cadres trained by the party and state are the activists in creating the invincible combat strength of the people's army.

In order to be successful in carrying out the task of building the people's army in the new stage, the key is to build up the ranks of officers and technical cadres to satisfy the new requirements in building a regular and professional revolutionary army and gradually modernizing the army.

Building the ranks of officers must be closely coordinated with building the ranks of party members in the people's army to ensure high political quality based on class guidelines. Ranks of officers with a college education must be built in accord with President Ho's idea of "intellectualizing" the workers and peasants. The ranks of officers must be developed with respect to military and political-military specialities and military techniques based on three levels (in accord with the leadership, management, and command system): the primary level, the middle level, and the high level (or tactical, operations, and strategic levels). These ranks must be prepared professionally to a certain degree while serving in the people's army, and they must make real contributions to carrying out military tasks that are related to other spheres. At the same time, they must be integrated quickly in social life and contribute to solving a major problem of society, which is jobs for officers who have completed their period of service.

Efforts must be concentrated on strengthening the political capabilities of officers in accord with the position of the working class and the patriotic traditions and steadfastness of the nation and people. They must be absolutely loyal to the socialist system and to the party and state and be prepared to fight and sacrifice themselves for the independence and freedom of the fatherland and the basic interests of the people and nation. These ranks must be equipped to understand the political and military lines of the party and the advanced military knowledge and military science of all-people's national defense and people's warfare. They must be skilled in military leadership, management, and command and possess newly developed military and national defense knowledge. Officers' knowledge concerning economics, social affairs, science and technology, the humanities, law, biology, computer science, and so on must be improved.

Building and training the ranks of officers and technical cadres is not the work of the military alone. This is also the responsibility of the party and state. Thus, building and training the ranks of officers must be determined by the state in accord with the general strategic plans and coordinated closely with the education and training system of the party and state in creating sources, contents, and trade union programs and training abroad based on the training and education achievements of the human strategy.

The months and years will pass by, but our army will always be an army of the people, by the people, and for

the people and an army that successfully completes the revolutionary tasks. The people's army will always be the trustworthy tool of the party and state and of all the people in defending our socialist Vietnamese fatherland.

*** Political Construction as a Basis, a Basic Lesson of Our Army's 50 Years of Maturing and Winning Victories**

953E0008C Hanoi TAP CHI CONG SAN in
Vietnamese Dec 94 pp 13

[Article by Senior General Le Kha Phieu, member of the Politburo, secretary of the CPV Central Committee, and chairman of the Political General Department]

[FBIS Translated Text] During the revolutionary movement of the people prior to the uprising, small armed detachments appeared. These detachments that attacked the enemy almost empty-handed developed into a people's army. That army, together with all the people, defeated powerful aggressive forces, including a force that the world recognized as being an "invincible military power."

What enabled our army to be victorious and mature like this? There are many things that helped to build the strength of our army. One of the most basic factors was the CPV's line on building people's armed forces in accord with the military views of Ho Chi Minh and the line on building up the strength of the armed forces in all respects, using political construction as the basis for every other aspect of construction.

Marxism-Leninism and Ho Chi Minh thought do not view revolution as a plot or as something starting from weapons but as the work of the masses. The revolution must be led by a party, and that party must become involved with the masses and educate and arouse the people so that they will participate in the struggle for liberation. Based on the deep political movement of the people, only at a certain stage of development when the preparations for an armed uprising to seize power have been put on the agenda does the matter of building armed forces become a pressing and direct issue. The birth of our army took place in accord with the development of the Vietnamese revolution. After it was formed, this army served as an armed propaganda unit with the motto "politics is more important than military affairs" in accord with the instructions of President Ho. After this army matured into a large, regular, and more modern army, the idea of emphasizing politics became a basic principle that guided the construction of the army, with building the army politically being the basis for every other aspect of construction.

The history of our army's 50 years of maturing and winning show that this principle is correct. Because it has always adhered to this principle, the army has become stronger and stronger and, together with the people, achieved resounding military exploits not only in our

nation's history but also in the history of the international revolutionary movement. Today, our army must understand this principle even more thoroughly. But there is no need to return to the motto "politics is more important than the military," because the army will not revert to the period of armed propaganda units. However, it is still necessary to manifest the tradition of giving attention to political construction in building the army. This is because of the changes in the destructive plots and stratagems of the enemy directed at our nation and system and because of the movement of the conflicts within socialist construction in our country. Today, the political and ideological front is the main front in the national and class struggle in our country, and this will decide the fate of our country and system. Never before have the military functions of our army placed such new and heavy requirements on the cadres and soldiers. In the present situation, not only must the cadres and soldiers have excellent military skills, be prepared to fight, and be armed to defend the fatherland, but they must also be revolutionary warriors in the political struggle, fight actively on the political front, maintain the trust of the people, and smash the plots of both internal and external enemies, who are working closely with the negative and backward elements that have arisen in our system, because these plots are aimed at destroying the political and spiritual foundation of our system.

The backbone of political construction in the army is to build the army's working class character. This is not something that will arise naturally. This will come about only if the communist party constantly spreads propaganda and educates people. Building the army politically requires that there be a party with a working class nature. Only if there is such a party will it be possible to build an army with a working class character. Ho Chi Minh affirmed this in his book *The Revolutionary Road*: "What does a revolution need above all? Above all, there must be a revolutionary party." [Footnote 1] [Ho Chi Minh, *Collected Works*, Su That Publishing House, Hanoi, 1981, Volume 2, page 188]

He concentrated his efforts above all on building a true Marxist-Leninist party in Vietnam. By doing that, he prepared the basic preconditions for the birth of a new type of army in Vietnam. Thanks to that, when it was established, the army fully understood the political, ideological, and organizational problems of the party, a true Marxist-Leninist party, in its organization. The army was built correctly right from the beginning. It did not encounter any political obstacles. It constantly manifested its revolutionary nature, grew stronger and stronger, and moved from one victory to another.

As an army with a working class nature, our army is at the same time a people's army. It originated from the people and fights for the people. It is an army of the people, by the people, and for the people. It is an army of the entire Vietnamese nation. This class nature is not opposed to the national character of the army. Rather,

these factors are so closely related to each other that the one is the precondition and condition for the other. This is because our army is the child of the Vietnamese revolution, a revolution that is in the category of a new type of revolution in the 20th Century and that took place in a semi-feudal colonial country. Nation and class have always been closely related to each other, and the basic political line, that is, coordinating the two banners of national independence and socialism, has been a constant throughout the revolution.

The above contents of building the army politically stem from the most important basic themes in Ho Chi Minh thought. While he was absolutely faithful to Marxism-Leninism, Ho Chi Minh creatively developed a theory on proletarian revolution in a colonial country. In this, one of the leading issues was the national problem and the task of national liberation. Just as the Communist Party of Vietnam is not the product just of coordinating Marxism-Leninism with the worker movement but also a product of coordinating Marxism-Leninism with a patriotic movement, naturally, the Vietnam People's Army is not just the army of a class to wage a class struggle but also the army of the people and nation. Its first task was to wage a struggle for national liberation and then to consolidate and defend national independence and build socialism.

Today, the basic theme in building the army politically is to solidify the class nature of the army, use Marxism-Leninism and Ho Chi Minh thought as the ideological foundation of both the party and the army, and continue to hold high the banners of national independence and socialism. However, the specific contents of this construction have changed and expanded. This is because the Vietnamese revolution has entered a new stage. The country is now independent and unified and is making the transition to socialism at a time of great change both here and abroad.

The enemy forces have changed the focus of their plots and stratagems aimed at destroying our country and system. While they have not abandoned their intentions or stopped making preparations for armed aggression, they have switched to launching an all-round offensive using non-military stratagems. They are concentrating on implementing their plot of peaceful evolution in conjunction with causing turmoil. In this struggle, the enemy forces outside are relying on and coordinating things closely with the destructive and negative forces inside in the country. This is creating threats as pointed out at the Midterm National Conference of Delegates of the CPV.

Today, national independence is still our combat target. Even though the country is independent and was reunified in 1975, national independence is still threatened, not only by the threat of armed aggression but also by the many other plots of aggression and annexation. Because of this, we advocate opening the door and merging with the world. But we must always regard solidifying

national independence as the leading strategic task of the entire party, all the people, and the entire army. We must merge but not "dissolve" or lose ourselves. Some people say that in today's world, national independence no longer has any meaning and that "joint construction," integration, and mutual dependence among countries are replacing independent national entities. Such views are wrong and politically naive. Thus, our party continues to hold high the banners of patriotism and all-people's solidarity, which includes Vietnamese living abroad, and to struggle for a Vietnam where the people are prosperous, the country is strong, and society is just and civilized.

To solidify national independence, we must take the socialist path and successfully build socialism in our country based on the basic principles of Marxism-Leninism and in accord with the specific historical conditions of the country and the wonderful traditions of the Vietnamese people. There is no other path! Capitalism, including both classical and modern capitalism, cannot bring our people prosperity and happiness. A third path halfway between capitalism and socialism, regardless of what it is called, is just an illusion. In Vietnam today, there is no room for a third path. Following any other path besides socialism will destroy the fruits of the revolution, for which our people shed their blood. Even though the realistic socialism built in previous years contained many weaknesses, those weaknesses stemmed from the subjective mistakes of people in leading and managing things. They did not stem from the nature of socialism. Thus, those weaknesses can certainly be overcome. The party's renovation line is being put into daily life and scoring very important achievements. This is the real basis for believing that we will be successful in building socialism in our country.

In our country today, the national struggle and the class struggle are tied to each other more closely than ever before. In the socialist revolution, the way that the relationship between nation and class is handled is not the same as in the national democratic revolution. National tasks still have high priority. We continue to give attention to building all-people solidarity. At the same time, we are ensuring the interests of the class struggle. The basic theme of the class struggle in our country today is the struggle between two paths of social development in all spheres of social life. This theme is in line with the contents of our nation's struggle to oppose the peaceful evolution plot of the enemy forces. Only by enabling socialism to gain the upper hand in every sphere and repelling the danger of straying from the path will we be able to solidify national independence, protect the immediate and long-term interests of the people, and defeat the peaceful evolution strategy and efforts to cause turmoil of the enemy forces.

Today's fierce struggle on the ideological and theoretical front and the political and ideological vacillation on the part of some cadres and party members have had a great effect on the cadres, party members, and soldiers in the

army. Naturally, for an army with a 50-year history of fighting under the leadership of the party, which includes fighting against armed enemies and fighting against ideological and political enemies, the army knows how to prevent foreign ideas, viewpoints, and ways of life from penetrating its spiritual life. However, we must never become subjective or relax our vigilance in building the army politically. It must be remembered that the army is also a key target of the peaceful evolution strategy.

Today, the situation requires that we renovate political and ideological work and greatly strengthen the work of building the army politically. Neglecting or curtailing this work would be a serious mistake and unintentionally serve the basic plan of the enemy forces to "depoliticize" our army. Naturally, political education must not be strengthened in terms of speed and quantity only but must also be strengthened in terms of quality, contents, and methods so that the ideas and politics of the party penetrate each person and enable all the people to unite under the banner of the party and carry out the decisions of the party and state. This education cannot be done all at once but be carried on continuously, because social and military life are constantly changing and the theoretical ideas and lines of the party are constantly being developed and improved.

The key contents of building the army politically are Marxism-Leninism and Ho Chi Minh thought, the correct and creative political and renovation lines of the party, and the revolutionary moral qualities of communist party members and revolutionary soldiers. To build these contents, there must be a resolute struggle against the opposing, reactionary, and backward political, ideological, and theoretical forces.

Today, we must continue to overcome petty bourgeois ideas and the remnants of a small peasant society that still exist and that continue to have a negative effect on our army. This includes such things as undemocratic paternalism, anarchic practices, regionalism and localism, empirical thinking and action, and so on. However, our country's revolutionary situation and tasks and the struggle in our country and the world today require that we give priority to opposing bourgeois thinking.

In the 50 year history of our army, the present period is witnessing a powerful and all-round offensive by bourgeois thinking on our party and army in the hope of weakening and changing the revolutionary and scientific nature of our party and military. The focal point of the attack by the strategy of peaceful evolution is the party and the leadership nucleus of the party. However, the enemy forces are also giving much attention to the political and ideological destruction of the army, the sharp tool of the socialist political system. Their greatest ambition is to introduce bourgeois political ideas and opportunism and replace the ideological ideas and political lines of the party in the army, particularly among the ranks of core cadres and party members in the army.

They are willing to spend any amount of money and manpower and use any stratagem to affect the thinking of our army, generate fear with respect to the economic and military might of a number of Western countries, and create new speculation about their "unimaginable power." They praise the free market economy and regard private enterprise as the eternal motive force of mankind. They worship bourgeois democracy with a parliamentary system, a bourgeois law-governed state, a pluralistic system, and political pluralism. They admire Western cultural values, lead a pragmatic life, and practice extreme bourgeois individualism.

In launching political and ideological attacks against our political system, they use different strategies depending on the particular target, type of organization, and people. They either launch frontal attacks or take a roundabout route. Our army must be vigilant and promptly discover and deal with the frontal attacks and attacks from the rear launched by the enemy forces against the thinking and politics of our cadres and party members, including those who have been party members for many years. But for a revolutionary army that has been in existence for 50 years, that has been trained and forged by the party, that has constantly matured and scored victories, that has a tradition of being loyal to the party, country, and people, and that has penetrated into their flesh and blood and transmitted this from one generation to the next, it will be very difficult to separate the cadres, party members, and soldiers in the army from the politics and ideas of the party. With a pragmatic mind, after promptly reviewing their experiences, the enemy forces may use a roundabout method. Because they will never be able to score a direct political and ideological victory over the cadres and party members in the army. They will have to dilute the politics of the party in the army and foster political indifference using many themes and suitable forms. This includes promoting a pragmatic way of life, which is increasing in society and quickly penetrating the army. All of these plots and stratagems are aimed at "depoliticizing" the army. Although they have not yet been able to reach the level of political neutralization in the army, if we become indifferent and fail to give attention to politics, to the lines of the party, to Marxism-Leninism and Ho Chi Minh thought, and to political events in the army, the process of "depoliticization," which is actually "decommunization," will begin. Regardless of whether this indifference is intentional or unintentional, this will prepare the necessary conditions for a passive political attitude in the army whenever a counterrevolutionary situation arises, which will neutralize the army in reality. Thus, these are very dangerous plots and stratagems.

On the 50th anniversary of the founding of the army, All-People's National Defense Day, we must learn the lessons of the past 50 years of struggle. At the same time, we must exploit those lessons in the new historical conditions. The lesson of using political construction as the basis for building the army is one of the basic lessons that must be emphasized and exploited in the new

situation. Only if we do this will we be able to prepare the army for the 21st Century with new strata of people and continue to maintain and manifest its wonderful nature and its tradition of being loyal to Marxism-Leninism and Ho Chi Minh thought and to the communist party and the people for independence, freedom, and socialism so that it advances constantly.

*** The Army Engages in Economic and Productive Labor Activities**

953E0008D Hanoi TAP CHI CONG SAN in
Vietnamese Dec 94 pp 18-20

[Article by Lieutenant General Phan Thu, member of the CPV Central Committee, vice minister of national defense, and director of the Defense Industry and Economics General Department]

[FBIS Translated Text] During the past 50 years, in both wartime and peacetime, our army has always carried out the teaching of President Ho: "Our army is a combat unit, work unit, and production unit." During the years of the liberation wars, even though the army was very busy with military training and combat, it always managed to set aside time to increase production, contribute to supporting the troops and improving their lives, and ensure "full stomachs and successful attacks." In peacetime, since 1976 the army has assigned a large force to engage in economic construction. A total of 280,000 soldiers in 29 divisions are participating in almost every economic sector.

Since the Sixth Party Congress, becoming a part of the renovation movement of the entire country, the national defense enterprises and military units engaged in economic work have gradually switched to economic accounting and carried on activities based on market mechanisms. Almost all of the army's bases engaged in economic activities have been built from work units and bases that have reduced the size of their staffs. Thus, when switching to the production of civilian economic products, it has been impossible to avoid smallness, thinness, and a very limited understanding of economic management. It seemed as if they would quickly be "swallowed" by the market economy and fail to survive. But thanks to the party, state, and Ministry of National Defense, correct resolutions and directives were promptly issued and so the army was able to overcome the obstacles and continue carrying out the teaching of President Ho. The national defense production forces and economic forces of the army have developed well in terms of both size and commercial production results. To date, the army has formed three types of units to engage in defense production and economic activities:

1. National defense enterprises include enterprises that produce and repair military weapons, equipment, and materials to support national defense. If there is surplus capacity, they participate in producing economic goods. These enterprises are managed using an economic accounting system.

2. National defense economic units include general corporations, corporations, and enterprises engaged in various economic activities, or they are located at strategic positions and coordinate national defense and security with the economy.

3. Units that specialize in carrying on economic activities include commercial production units similar to the enterprises of the state economic sectors.

The various types of enterprises mentioned above all carry on commercial production in accord with the economic management laws of the state, they all practice economic accounting, and they all pay wages and contribute to the budget in accord with the laws.

After carrying on operations for more than five years, the army enterprises have managed to survive and expand in economic activities. Each year, the norms in commercial production have been higher than the previous year. The value of commodity output in 1994 was five times that of 1990, and the amount contributed to the state budget in 1994 was six times that of 1990. This is very encouraging and confirms the correctness of having the army engage in economic activities. It shows the maturity of ranks of economic management cadres and enterprise directors and the efforts made by the army national defense workers and civil servants assigned to national defense production and economic activities in overcoming the difficulties.

Even though there have been various difficulties, for example, people must live far from the economic centers, transportation is expensive, the material and technical base of production is weak, the capital available to support national defense is not in accord with carrying on economic activities, and so on, after carrying on operations for several years, many national defense enterprises have affirmed that they can survive and grow in a market mechanism. Many of the economic products produced by the enterprises in the army are of high quality. These include goods that support the lives of the people (such as electric fans) and the production activities of a number of technical economic sectors (such as machine parts). Consumers and customers have confidence in these goods.

The national defense enterprises (consisting of both production and repair enterprises) had been doing a good job in carrying out the national defense tasks, but because production orders and weapon repairs declined, the production and weapon repair industries were in danger of falling into oblivion. But thanks to participating in economic activities, the defense enterprises have not only maintained defense production capabilities but also preserved and expanded the defense production industry.

Many of the units engaged in economic activities have remained in strategic locations and contributed to protecting zone security and defense. They have coordinated economic with national defense activities, participated in building new economic zones, formed

population centers, planted trees to improve the acid and saline areas, and participated in building strategic roads to coordinate economic activities with national defense activities.

The economic units of the army have contributed more and more to the economic construction of the country and participated in building a number of key economic projects. This includes building coastal dikes in Con Thoi and Bac Cua Luc, planting trees and covering barren fields and hills (in 1993 alone, the army planted 8,850 hectares in various types of trees and 5 million plants), digging canals to improve the Long Xuyen quadrangle, building the YALY hydroelectric project, building a 500 kv landline and the Thang Long-Noi Bai highway, engaging in oil and gas services, mining coal, and producing industrial explosives for the economy.

The defense production practices and results of the economic activities of the army during the past several years have contributed to strengthening national defense and coordinating the economy with national defense. The army has gradually become a direct force in the economic and social construction of the country. However, the military forces engaged in economic activities have not been able to avoid a number of the negative effects of a market mechanism. A small number of enterprises have violated state laws and defense ministry regulations, but this phenomenon is gradually being overcome using many measures, which includes reorganizing and improving the management mechanism.

A number of important observations can be made based on the realities of the economic and productive labor activities of the army:

1. The policy of having the army engage in economic activities, produce material goods for society, make full use of the defense industry capabilities in order to produce civilian goods, and satisfy some of the army's needs itself in accord with the policies and laws of the state, with this regarded as a long-term strategic task of the army, is completely correct and in accord with real life.

Having the army participate in economic activities is an important measure to make full use of the army's materials and equipment capabilities to both ensure the national defense tasks and also to contribute to building the country's economy. The enterprises in the army have shown their ability to do the work and proven that they can do a good job.

In addition to the enterprises that are engaged in economic activities, the army has a large number of cadres and soldiers who can participate in productive labor, produce material goods for society, and improve life. The military forces that are on stand-by duty, however, cannot engage in economic activities like the enterprises but can only engage in productive labor near their bases. This is to maintain combat readiness and ensure that economic activities do not affect the training periods or combat equipment of the units.

2. As for army enterprises in the form of national defense enterprises, economic and national defense enterprises, and enterprises that specialize in economic activities, it must be clear what their tasks are and how they are to carry out those tasks. In the actual operation of the market mechanism, the army must exploit and manifest its strengths in order to expand production, increase productivity, and improve results. The army should select those tasks that it can and needs to carry out in order to provide better support to national defense and security and support economic and social development. Examples include capital construction, the mining of minerals, air and ocean services, machinery, industrial explosives, signal and liaison, ready-made clothing, and so on. The machinery of the defense industry should focus on expanding the mechanization of agriculture and the production of grain processing equipment and actively contribute to the industrialization of agriculture and the modernization of the rural areas.

Some people have said that in engaging in economic activities, the army should engage in everything not specifically prohibited by the state. That is correct to a degree. But what should be said is that "the army enterprises can engage in those activities not prohibited by the state and that are permitted by the Ministry of National Defense." The army should not engage in activities that would generate negative results or affect its prestige and traditions.

3. The army is a disciplined organization. Thus, the economic organizations of the army must be strong economic organizations. Those enterprises in the army that have registered in accord with Decree 388/HDBT but that are still dispersed and weak must be reorganized by sector and location. Those enterprises that have not achieved good results and that have long suffered losses must be examined and dealt with so that they have the strength to compete in a market mechanism.

4. If the army is to engage in economic activities, it must pay attention to the results and to economic accounting. It must adhere strictly to the laws concerning statistical accounting and fulfill its obligations to the state and Ministry of National Defense. It is essential to engage in joint ventures with other countries in order to obtain capital and advanced technology, but the regulations of the state and Ministry of National Defense on investment cooperation in the foreign economic sphere must be implemented fully.

If the state or Ministry of National Defense has implemented support policies because of the historical conditions or special tasks in a certain place, that place cannot remain dependent but must make an effort to grow and stand on its own feet.

5. The enterprises in the army are state enterprises. They must actively contribute to solidifying the state-operated economic elements so that the state economy plays an activist role in a socialist-oriented economy with a market mechanism. These enterprises must make an

effort to practice frugality, improve enterprise management, and set an example in carrying out the laws of the state.

In commemorating its 50 years of building and growing, in today's conditions, more than ever before, our army must quickly raise its standards in order to become a regular revolutionary army, with its new foundation being that of a country that is switching to industrialization and modernization. Our army must continue carrying out its two tasks of defending the fatherland and building the country. The economic activities of the army must be expanded greatly and make worthy contributions to completing the tasks of a "production army" as President Ho taught.

*** Improving the Labor Capabilities of the Party Organizations in the State Enterprises**

953E0008E Hanoi TAP CHI CONG SAN in
Vietnamese Dec 94 pp 38-41, 53

[Article by Vu Lan]

[FBIS Translated Text] By the end of 1989, our country had a total of 12,089 state enterprises. After they were registered in accord with Council of Ministers (now the government) Decree 388/HDBT dated 20 November 1991, as of 1 June 1993 there were only 7,060 units. Of these units, about 30 percent have stood fast and expanded, 50 percent have managed to break even, and about 20 percent have continued to suffer losses or continued to exist in form only. In general, state enterprises today still have various limitations. For example, most commercial production activities are suffering losses, no clear distinction has been made between state management and production and business management, powerful motive forces have not been created to stimulate the managerial cadres and laborers, the apparatus is still cumbersome and ineffective, and so on. Added to this is the fact that the state's management tools, such as economic policies and laws, are not synchronized, they have not been implemented strictly, and there are still loopholes.

In the period of transition to socialism, the party and state advocate building and expanding a multi-faceted, socialist-oriented economy controlled by the state. An important problem is that the state enterprises must gradually take on a leading role by controlling the key sectors and spheres in the national economy. With their advantages in terms of equipment, technology, and men, the state enterprises can and must hold the key position and direct the other economic elements in carrying on effective, wholesome, and proper activities. In many localities and in many spheres, the state enterprises are playing the role of "midwife" to economic elements that have just come into being and that are growing.

Looking at the world, in many countries, the survival and growth of the state enterprises is essential. The fact that a number of the state enterprises in a number of

spheres in those countries are achieving poor results and even suffering losses is understandable. This is because state enterprises are always in sectors and spheres in which other economic elements do not have the capabilities to invest or in which they do not want to invest. These are sectors and spheres that are closely and directly tied to the broad masses, to large, high-profit sectors and spheres that produce benefits quickly, and to sectors and spheres essential to the national welfare and the people's livelihood.

Because of their key position and guiding role, the state enterprises need the leadership of the party. The leadership of the party, most directly the party base organizations at the enterprises, is decisive in ensuring that the enterprises grow in the proper way and that they improve the quality of their commercial production activities. The resolution of the Third Plenum of the CPV Central Committee stated the party base organizations at the state enterprises are key elements in guiding party renovation and reorganization.

After more than two years of implementing the resolution of the Third Plenum of the CPV Central Committee and Decision 49/QDTW of the Secretariat of the CPV Central Committee, the party base organizations at the state enterprises have made positive changes on many fronts. However, in going deeply into the party organizations at the state enterprises, we can still see many weaknesses that need to be overcome and many problems that need to be solved. Many party committee echelons and secretaries are still confused, and the functions and tasks of the party bases have not been clearly defined. The leading conflict that the party bases at the state enterprises must resolve is the conflict between the need to set guidelines and lead commercial production so that better and better results are achieved and the limited standards and capabilities and the confusion in the leadership formulas of the party committee echelons are overcome. Some party base organizations have not found a stable position in the enterprises and are still regarded as "parasite" organizations. The party committee secretaries at many enterprises have not satisfied the requirements of the political tasks. They are inferior to the directors in many respects. There are even secretaries who "exist" in form only or who provide a "backdrop" for the directors. The activities of the party base organizations at many enterprises are often limited to party matters. Their activities are not closely tied to the production and business tasks. In many instances, the party organizations have forgotten their role of monitoring and controlling things, or they do not have the capabilities to control and manage the activities of the enterprise heads. Political and ideological work is often slighted or neglected.

Although there have been a number of positive changes, cadre organization at many enterprises is still confused. Positions have not been created for the key cadres, and plans have not been formulated for preparing and training cadres for the future. At a number of places, the

party base organizations cannot control the ranks of cadres and party members. Party expansion still has many limitations and usually occurs by "season." The main targets are still the cadres in the offices and on the indirect labor boards. One phenomenon that should be noted is that many cadres do not want to participate in party work and mass organization activities. Instead, the only work they want to do is technical work. Most of those elected to the party committee echelons and who serve as secretaries are unenthusiastic about the work. The wage positions and policies applicable to those who participate in party work are inappropriate and irrational, and there is a lack of unified and clear regulations. The operating expenses of the party base organizations are small, or practically nonexistent, and most of the money must be "requested" from the directors based on the "good will" that exists between the directors and the party committee secretaries.

The realities of many previous years have shown that to improve the labor capabilities of the party base organizations in the state enterprises, we must implement many synchronized measures. This includes the following main solutions:

1. Adhering to the functions and tasks of the party base organizations:

In developing a multi-faceted commodity economy and renovating the management mechanism, the party base organizations at the state enterprises must adhere to their role as the core of political leadership at the units, maintain the political orientation in all of the production and business activities, lead the work of concretizing the production and business targets, guidelines, and plans, respect and exploit the role of the board of directors, and educate, lead, and mobilize the party members and masses so that they actively participate in hitting the economic and social targets that have been set.

Based on the economic and social development strategy of the party and state, on the tasks of the sector, and on the specific conditions of the enterprise, the party committee standing committee is, along with the director, responsible for proposing production and business guidelines so that the party organization can discuss these and issue a resolution on the targets, main tasks, projects, and expansion investments of the enterprise. The main targets and tasks of the enterprises must be aimed at solving the production and business problems, maintaining and expanding capital, maintaining the security and standard of living of the cadres and workers, and fulfilling the obligations to the state.

The party base organizations must perform their control functions using suitable measures: controlling things directly, coordinating the control of the party with the control of the masses, and listening to the reports of higher echelons and enterprise heads on production and business plans and the results achieved, on applying the scientific and technical advances in production, on signing contracts and large investment contracts, on

formulating and implementing regulations, on income distribution, on the social policies of the unit, and so on. Implementing the control functions of the party base organizations correctly and regularly is aimed at elevating and exploiting the spirit of responsibility, drive, and creativity of the directors, exploiting the intelligence and experience of the cadres, party members, and masses in carrying out the political tasks of the units, discovering and promptly blocking acts that are contrary to party resolutions and state laws, and immediately overcoming negative phenomena. Naturally, to do a good job in leading and controlling things, the party base organizations must have cadres and party members with the qualities, capabilities, and skills necessary for the work. Things cannot be led or controlled in a vague manner.

2. Improving the quality of the ranks of key cadres:

According to general stipulations, the party committee echelons must directly control and lead the cadre organization. Specifically:

The party committees must provide leadership in setting cadre standards and establishing the key positions at the enterprises. They must provide leadership in formulating projects and select and train cadres in accord with the principles of democracy, openness, and fairness. This must be done in stages: making forecasts, conducting opinion polls, making decisions, and so on. The cadre plans must be checked and revised annually.

The procedures for observing and evaluating the cadres must be maintained and implemented. Based on this, the party committees must make decisions regarding appointing, transferring, and removing key leadership cadres in the spheres that they control. The party standing committee, along with the heads of the enterprises, must examine things and make decisions on rewarding and disciplining people, raising wages, and sending people to study and work abroad. They must also make decisions on social policies and compensation for cadres.

The party committees must provide leadership in formulating and implementing training plans for cadres who hold positions and for reserve cadres based on clearly stipulating the responsibilities: The party committees must provide theoretical and political training to the cadres and provide training concerning party work; the authorities must provide training concerning technical aspects and enterprise management and improve skills; and the mass organizations must provide training concerning trade union and youth union activities. The party committees must provide uniform leadership concerning the contents and the targets to be trained.

In conditions in which the party in power is operating within a market, open-door mechanism, along with training, raising the standards, improving the capabilities, and increasing the knowledge of the cadres, much attention must be given to educating and training the cadres so that they have political qualities, revolutionary

morals, and a concept of remaining close to and respecting the masses and so that they implement the principles of democracy, openness, and fairness. There must also be appropriate material and spiritual procedures and policies for these ranks of cadres, particularly for those engaged in party and mass organization activities.

3. Improving the quality of the ranks of party members:

In order to do a good job in improving the quality of the ranks of party members at the state enterprises, the most basic thing is to clearly define the standards and requirements for each party member there. Regardless of what sphere they are in or what position they hold, party members are different from people outside the party. The difference is in their awareness of socialist ideals, in their spirit of sacrifice, in setting an example, in their political leadership standards and capabilities, in taking the lead in implementing the lines and policies of the party, and in mobilizing the masses. They must provide a model that the masses can follow. Party members must have a creative spirit, they must have a passion for studying, manifest a spirit of innovation, engage in productive labor, achieve results, and achieve high labor productivity. In the present situation, the leading role in production and business of each party base organization and of each party member not only attracts people but also contributes to making the party stronger and enhancing the prestige and reputation of the party. The standard for measuring the quality of the party base organizations and party members is production and business results. "Any party member or party chapter that produces and leads production well can be considered to be a good party member or party chapter. If they do not produce or lead production well, they are inferior party members or party chapters." [Footnote 1] [Ho Chi Minh, *Collected Works*, Su That Publishing House, 1989, Volume 8, page 619]

A good job must be done in recruiting outstanding and progressive people into the party. At the same time, those who lack the qualifications to be party members must be expelled from the party. There are a large number of workers, technical cadres, engineers, and managerial cadres at the state enterprises. These enterprises hold very large assets of the party and state. For this reason, more than anywhere else, at these enterprises the party base organizations must promote party development and recruit only those who have adequate standards into the party. Developing the party must be tied closely to creating sources, formulating plans, and training cadres in the key elements.

4. Renovating and improving the quality of party organization activities:

Maintaining regular and orderly activities is a condition for exploiting the intelligence of the collective in discussing, understanding, and utilizing the lines and policies of the party and state, implementing the principle of criticism and self-criticism, training and controlling the

party members, manifesting the control role of the party base organizations, and so on. The contents of the activities must be specific and practical, such as discussing issues concerning the lines and policies related to the growth of the enterprises, the tasks, guidelines, and plans for implementing things, and the problems that might arise in carrying out the tasks.

Reality shows that the strong party bases that do a good job in leading production and business are usually units that have operating procedures, regular activities, and practical activities. In many places, the party base organizations (party committees and party chapters) carry on activities once a month. The standing committees carry on activities twice a month. The party committee secretary meets with the chapter committee once every quarter to discuss the work of the units and contribute ideas concerning the important tasks of the units. Each month, the director sends a report to the party committee (or standing committee) concerning the implementation of the tasks and the coming tasks. The party committee secretary notifies the director about the policies of the higher-echelon party committees and the ideas of the cadres, party members, and masses concerning issues related to the activities of the enterprise. The party committee regularly sends reports to the higher-echelon party committees about the activities of the party organization, the proposals and information and instructions received from the party affairs committee, and issues related to economic, technical, social, and sector activities.

If the party base organizations do a good job in maintaining the system of activities, they will really be the core of political leadership at the enterprises, their role will grow constantly, and they will be able to promptly discover and overcome negative aspects and shortcomings.

5. Assigning people correctly to the two key positions, party committee secretary and director:

The positions of party committee secretary and director are very important positions that are decisive in leading and controlling an enterprise and determining whether an enterprise survives and grows or suffers losses and goes bankrupt. To appoint the right people to these two positions, a good job must be done in creating sources, training and preparing people, and clearly determining the standards and requirements of each position. Steps must be taken to avoid selecting the wrong person to serve as secretary and failing to "match" the secretary and director. State enterprises today have five types of party committee secretaries. First are full-time secretaries (who may or may not have held professional leadership positions prior to that); second are directors (or directors general) who serve as secretaries; third are deputy directors (or deputy directors general) who serve as secretaries; fourth are office heads or supervisors who serve as secretaries; and fifth are party members who do not hold any professional position who serve as secretaries. There are many different views on the effects of

each type, and it is very difficult to compare or evaluate the strengths and limitations of each type. But the most common types at present are the second and third types.

The party committee secretary should be selected in accord with the situation, conditions, scale, special characteristics, and nature of the state enterprise. But the important thing is to clearly define the standards and coordinate things between the echelons with jurisdiction and the party base organizations. Because with the present mechanism, the director is appointed by higher echelons while the party committee secretary is elected by the party organization congress. Choosing the right people for these two important positions at the state enterprises will create a "harmonious" group in effectively leading and controlling the enterprise.

6. Elevating the spirit of responsibility and strengthening the guidance of higher echelons:

In the present situation, higher echelons, particularly the echelon directly above the primary level, must clearly determine their responsibilities in solidifying the party bases, particularly the weak party bases at the state enterprises. The main problems that require the help and guidance of higher echelons include assigning and training ranks of key cadres, enabling the bases to manifest a spirit of drive and creativity in implementing the lines and policies of the party and state, building and reviewing progressive models, dealing promptly with the problems and difficulties and satisfying the essential requirements of their position, and providing timely information concerning the essential problems of the bases.

Today, the ministries, sectors, general departments and federations of corporations all have party affairs committees. This is a favorable condition for coordinating activities between higher echelons and the party base organizations, among the party base organizations, and between the local party committee echelon and the state enterprises in the locality. At the same time, this provides a foundation to enable the party base organizations to operate more effectively, particularly in assigning and using cadres and selecting key cadres. The guidance of higher echelons and coordination between higher echelons and the party base organizations will contribute to setting guidelines so that the enterprises grow in a more effective way in accord with the lines and policies of the party and the laws of the state.

*** New Chinese Expansion and Vietnamese-Chinese Relations**

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[Article by Le Tinh]

[FBIS Translated Text] In the history of Vietnamese-Chinese relations, an important incident took place recently. The friendly visit to Vietnam by the general secretary of the Chinese Communist Party and president

of the People's Republic of China, Jiang Zemin, was a great success. This was the first visit here ever by the top leader of the Chinese Communist Party. Previously, Chinese president Liu Shaoqi visited Vietnam in 1963, and Premier Zhou Enlai visited Vietnam in 1971. The communist party and people of Vietnam treasure our traditional friendship and cooperative relations with China and so we greatly value Jiang Zemin's visit to Vietnam.

Vietnam and China are both on the path of socialist construction. Both countries are reforming and renovating, industrializing and modernizing, and making an effort to solve a whole series of problems created by the opportunities and challenges of the age in an attempt to accelerate economic growth and improve the lives of the people in the country.

In these spheres, China is ahead of us somewhat. China's reform and modernization movement has scored great achievements. China first initiated its "Four Modernizations" policy during the time of Premier Zhou Enlai, but this policy was not really implemented until 1978 when the Chinese Communist Party decided to switch its focus to building the economy. China's modernization, or industrialization, is based on the motto: start from China's realities concerning strengths, social system, scientific and technical standards, and the international environment. Thus, China's modernization has focused primarily on modernizing and industrializing agriculture, eliminating simple agriculture, encouraging the peasants to increase their incomes and become wealthy by expanding many occupations, and changing rural economic patterns. Once the incomes of the peasants increased, this created a very large market for consumer goods and services, and sectors were able to grow very rapidly because of the abundance of manpower. Initially, the people needed only basic consumer goods such as food, clothing, and transportation, but gradually, people have come to desire more expensive items such as television sets, refrigerators, cassette radios, video players, automobiles, trucks, and magnificent houses.

Thus, a special characteristic of China's industrialization and modernization is the development of town industries and the policy of giving priority to light industry. Town industries came into being during the process of changing agricultural patterns, developing many sectors in the rural areas, and industrializing agriculture. Town industry is a type of cooperative economy. This is the most effective way to reduce unemployment and create jobs for hundreds of millions of people. Today, the town industries in China can compete with the state-operated industries on all fronts, including the export front.

Expanding light industry is aimed at accumulating capital from industry in order to expand industry and at doing away with the previous method, which was to rely on the peasants to make contributions to give priority to expanding heavy industry. Only by giving priority to

light industry will it be possible to improve living conditions quickly and accumulate capital for modernization. Some of the military industries have been converted to civilian industries. By giving priority to light industry, by 1988 an imbalance had arisen between light industry and heavy industry. Thus, it became necessary to promote heavy industry to restore the balance between these two sectors. The purpose in giving priority to light industry and services was to satisfy the ever increasing demands of a market of 1.2 billion people, of whom 80 percent lived in rural areas, continually improve the standard of living and increase the purchasing power of the peasants, provide markets for industry, and provide those who invested in industry with peace of mind so that they would actively invest capital in commercial production. These are the leading factors that have enabled China's economy to grow rapidly for more than a decade. This is one of China's greatest achievements. This is manifested in part by the fact that Chinese consumer goods have flooded both domestic and foreign markets, including markets in America and other Western countries.

To provide capital for industrialization, China has made an effort to accumulate capital from internal sources and has tried to obtain foreign capital. China's target is to use the foreign capital, which consists of equipment, materials, modern technology, brain power, and cash, to stimulate domestic production, increase productivity, improve the results of the entire economy, and then, based on that, increase internal accumulation. Foreign investment capital is regarded as an essential catalyst. Most of this capital is coming from Western countries. Merging economically and politically with the world while still retaining its national character is the important factor that has enabled China to maintain an annual growth rate of 9 percent during the past 14 years and still basically maintain social stability. As of 1993, China had attracted more than \$80 billion in foreign capital in various forms. During the first half of 1994, the amount of capital increased by more than 1-1/2 times as compared with the prior year, foreign trade increased more than 25 percent, and the economy grew at a rate of 11.6 percent for the entire year instead of the predicted 9 percent. Today, China can accumulate a rather large amount from within, 30 percent of GDP, and investment also accounts for 30 percent of GDP. The state-operated sector contributes 57 percent of GDP. China places great emphasis on mobilizing capital in society using rational interest rates and encouraging savings deposits. Each year, 1.4 trillion yuan are deposited in savings funds. Of this, 35-40 percent can be used to invest in expanding production. That is a percentage rarely found in the world.

The most notable and positive change is the fact that China's economy is a socialist market economy. A market economy has been built in order to integrate China's economy with the world economy and ensure that industrialization and modernization are successful.

A strong party has been built in order to maintain the socialist orientation and ensure that the basic line does not change.

Besides economic and social matters, China has also made striking progress in the fields of science and technology, culture, the arts, cinematography, and sports.

China's international role and position has increased to an unprecedented degree. The so-called "Great Leap Forward" in China did not occur in the past but is happening right now, and the world is witnessing this. These are the beams of light of a landscape painting. However, China is also encountering major problems. There is over-building and installation due to people chasing after profits. Today, China needs only 10 million refrigerators, but it has the capacity to produce 26 million. In many other sectors, the situation is the same. There must be macrocosmic management in order to reorganize things. Unemployment, inflation, and prices have occasionally skyrocketed, and there is a gap between the rich and the poor, between the rural and urban areas, and between coastal and interior areas. Corruption and spiritual and ecological pollution are problems. All of these are serious problems that pose a major obstacle to modernization. These are unavoidable difficulties in the process of maturing.

With the motto of regarding reform as the motive force, with development being the goal and with maintaining stability being the precondition, China is making good progress on the path of industrialization and modernization under the banner of Chinese-style socialism.

We sincerely applaud the great achievements scored by the Chinese people. We hope that China's strength will be an important factor that contributes to the peace, stability, and development of this region and the world.

Since our two countries normalized relations, that is, since the visit to China by CPV General Secretary Do Muoi and Vietnamese Premier Vo Van Kiet in November 1991, our two countries have held high-level meetings every year. Holding high-level meetings on a regular basis is aimed at strengthening mutual understanding and trust and at solidifying friendly and cooperative relations between our two countries. The October 1992 visit to Vietnam by Chinese Premier Li Peng and the November 1993 visit to China by President Le Duc Anh were positive steps in accord with the above orientation. Besides this, many groups from many different sectors, echelons, and localities have participated in exchange trips. Various accords and agreements on commercial, cultural, and scientific and technical matters have been signed and are now being implemented. In particular, on 22 November 1994, our two countries signed an "Agreement To Establish a Vietnamese-Chinese Economic and Commercial Cooperation Committee" and agreed to establish a group of specialists to deal with the problems at sea, that is, problems that are

related to the islands, in addition to the existing groups that are dealing with land issues and and the Gulf of Tonkin problem.

In accord with present international trends, Vietnam and China advocate pluralizing foreign relations while putting the emphasis on solidifying and strengthening mutually beneficial cooperative relations between our two countries, developing, stabilizing, and broadening those relations, and

resolutely using peaceful negotiating measures to resolve differences and not allow those differences to affect ordinary relations between our two countries.

With the good results that have been achieved, the visit to Vietnam by CCP General Secretary and PRC President Jiang Zemin made an important contribution to further improving and broadening Vietnamese-Chinese relations.